

(ii) All compensation, awards, damages, claims, rights of action and proceeds of or on account of (a) any damage

(f) (i) All judgments, insurance proceeds, awards of damages and settlements which may result from any damage to all or any portion of the Land, improvements or appurtenances or any part thereof or to any rights appurtenant thereto;

(E) All easements, tenements, rights-of-way, vaults, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers and appurtenances in any way belonging, relating or appertaining to any of the Land or improvements, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired ("Appurtenances");

(D) To the extent not owned by tenants of the mortgaged property, all plans, specifications, architectural renderings, drawings, licenses, permits, soil test reports, other reports of examinations or analyses of the land or the improvements, contracts for services to be rendered to mortgagor, beneficiary or otherwise in connection with the improvements and all other property, contracts, reports, proposals and other materials now or hereafter existing in any way relating to the Land or the improvements or the construction of additional improvements;

(C) To the extent not owned by tenants of the mortgaged property, all building materials and goods which are procured or to be procured for use on or in connection with the improvements or the construction of additional improvements, whether or not such materials and goods have been delivered to the Land ("Materials");

(B) All the buildings, structures, improvements and fixtures of every kind or nature now or hereafter situated on the Land; and, to the extent not owned by tenants of the mortgaged property, all machinery, appliances, equipment, furniture and all other personal property of every kind or nature located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Land, buildings, structures, improvements or fixtures now or hereafter located or to be located on the Land, or in connection with any construction being conducted or which may be conducted thereon, and all extensions, additions, improvements, substitutions and replacements to any of the foregoing ("Improvements");

(A) The land located in Cook County, Illinois, legally described in attached Exhibit B ("Land");

ness and liabilities being secured hereby shall, in no event, exceed five times the aggregate face amount of the Note), Mortgagor does hereby convey, mortgage, assign, transfer, pledge and deliver to Lender the following described property subject to the terms and conditions herein:

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(I) Any and all after-acquired right, title or interest of Mortgagor in and to any of the property described in the preceding Granting Clauses; and

(J) The proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding Granting Clauses;

(H) Any and all leases, licenses and other occupancy agreements now or hereafter affecting the Land, Improvements, Appurtenances or Materials, together with all security therefor and guarantees thereof and all monies payable thereunder, and all books and records owned by Mortgagor which contain evidence of payments made under the leases and all security given therefor (collectively, the "Leases"), subject, however, to the conditional permission given in this Mortgage to Mortgagor to collect the Rents arising under the Leases as provided in this Mortgage;

(G) All rents, issues, profits, income and other benefits now or hereafter arising from or in respect of the Land, Improvements or Appurtenances (the "Rents"); it being intended that this Granting Clause shall constitute an absolute and present assignment of the Rents, subject however, to the conditional permission given to Mortgagor to collect and use the Rents as provided in this Mortgage;

(iii) To the extent not owned by tenants of the Mortgaged Property, all contract rights, general intangibles, actions and rights in action, including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to the Land, Improvements, Appurtenances or Materials; and

(iv) To the extent not owned by tenants of the Mortgaged Property, all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Land, Improvements, Appurtenances or Materials;

or taking, pursuant to the power of eminent domain, of the Land, Improvements, Appurtenances or Materials or any part thereof, (b) damage to all or any portion of the Land, Improvements or Appurtenances by reason of the taking, pursuant to the power of eminent domain, of all or any portion of the Land, Improvements, Appurtenances, Materials or of other property, or (c) the alteration of the grade of any street or highway on or about the Land, Improvements, Appurtenances, Materials or any part thereof; and, except as otherwise provided herein, Lender is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor and, except as otherwise provided herein, to apply the same toward the payment of the indebtedness and other sums secured hereby;

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1.03 Compliance with Laws and Other Restrictions. Mortgagor covenants and represents that the Land and the Improvements and the use thereof presently comply with, and will during the full term of this Mortgage continue to comply with, all applicable restrictive covenants, zoning and subdivision ordinances and building codes, licenses, health and environmental laws and regulations and all other applicable laws, ordinances, rules and regulations. If any federal, state or other governmental body or any court issues any notice or order to the effect that the

1.02 General Covenants and Representations. Mortgagor covenants and represents that as of the date hereof and at all times thereafter during the term hereof: (a) Mortgagor is seized of an indefeasible estate in fee simple in that portion of the Mortgaged Property which is real property, and has good and absolute title to it and the balance of the Mortgaged Property free and clear of all liens, security interests, charges and encumbrances whatsoever except those described in Exhibit C, if any (the "Permitted Encumbrances"); (b) Mortgagor has good right, full power and lawful authority to mortgage and pledge the Mortgaged Property as provided herein; (c) upon the occurrence of an event of default, Lender may at all times peaceably and quietly enter upon, hold, occupy and enjoy the Mortgaged Property in accordance with the terms hereof; and (d) Mortgagor will maintain and preserve the lien of this Mortgage as a first and paramount lien on the Mortgaged Property subject only to the Permitted Encumbrances until Borrower's liabilities have been paid in full.

1.01 Performance under Note, Mortgage and Other Instruments. Mortgagor shall perform, observe and comply with or cause to be performed, observed and complied with in a complete and timely manner all provisions hereof and of the Note, every other Loan Instrument and every instrument evidencing or securing Borrower's liabilities and will promptly pay or cause to be paid to Lender when due the principal with interest thereon and all other sums required to be paid by Mortgagor pursuant to the Note, this Mortgage, every other Loan Instrument and every other instrument evidencing or securing Borrower's liabilities.

Mortgagor covenants and agrees with Lender as follows:

COVENANTS OF MORTGAGOR

ARTICLE ONE

All of the mortgaged property described in the granting clauses, together with all real and personal, tangible and intangible property pledged in, or to which a security interest attaches pursuant to, any of the Loan Instruments is sometimes referred to collectively as the "Mortgaged Property." The Rents and Leases are pledged on a parity with the Land and Improvements and not secondarily.

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1.04.1 Taxes and Assessments. Mortgagor shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations, liens and encumbrances of every kind and nature whatsoever now or hereafter imposed, levied or assessed upon or against the Mortgaged Property or any part thereof, or upon or against this Mortgage or Borrower's liabilities or upon or against the interest of Lender in the Mortgaged Property, as well as all taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or in respect of the Mortgaged Property or any part thereof; provided, however, that unless compliance with applicable laws requires that taxes, assessments or other charges must be paid as a condition to protesting or contesting the amount thereof, Mortgagor may in good faith, by appropriate proceedings commenced within ninety (90) days of the due date of such amounts and thereafter diligently pursued, contest the validity, applicability or amount of any asserted tax, assessment or other charge and pending such contest Mortgagor shall not be deemed in default hereunder if on or before the due date of the asserted tax or assessment, Mortgagor shall first either (i) deposit with Lender a bond or other security satisfactory to Lender in the amount of one hundred fifty percent (150%) of the amount of such tax or assessment or (ii) obtain an endorsement, in form and substance satisfactory to Lender, to the loan policy of title insurance issued to Lender insuring the lien of this Mortgage, insuring over such tax or assessment. Mortgagor shall pay the disputed or contested tax, assessment or other charge and all interest and penalties due in respect thereof on or before the date any adjudication of the validity or amount thereof becomes final and in any event no less than thirty (30) days prior to any foreclosure or sale of the Mortgaged Property by reason of such non-payment. Upon Lender's request, Mortgagor will promptly file, if it has not theretofore filed, such petition, application or other instrument as is necessary to cause the Land and Improvements to be taxed as

1.04 Taxes and other charges.

Mortgaged Property or any part thereof is not in compliance with any such covenant, ordinance, code, law or regulation, Mortgagor will promptly provide Lender with a copy of such notice or order and will immediately commence and diligently perform all such actions as are necessary to comply therewith or otherwise correct such non-compliance. Mortgagor may in good faith, by appropriate proceedings timely commenced and thereafter diligently pursued, contest the validity or applicability of any such notice or order of non-compliance or the underlying covenant, ordinance, code, law or regulation; provided, that Mortgagor complies with all applicable laws with respect to any such contest. Mortgagor shall not, without the prior written consent of Lender, petition for or otherwise seek any change in the zoning ordinances or other public or private restrictions applicable to the Mortgaged Property on the date hereof.

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1.04.3 TAX ESCROW. Mortgagor shall, in order to secure the performance and discharge of Mortgagor's obligations under this Paragraph 1.04, but not in lieu of such obligations, deposit with Lender on the first day of each calendar month throughout the term of the loan, deposits, in amounts set by Lender from time to time by written notice to Mortgagor, in order to accumulate funds sufficient to permit Lender to pay all annual ad valorem taxes, assessments and charges of the nature described in Paragraph 1.04.1 at least thirty (30) days prior to the date or dates on which they shall become delinquent. The taxes, assessments and charges for purposes of this Paragraph 1.04.3 shall, if Lender so elects, include, without limitation, water and sewer rents. Mortgagor shall procure and deliver to Lender when issued all statements or bills for such obligations. Upon demand by Lender, Mortgagor shall deliver to Lender such additional monies as are required to satisfy any deficiencies in the amounts necessary to enable Lender to pay such taxes, assessments and similar charges thirty (30) days prior to the date they become delinquent. Lender shall pay such taxes, assessments and other charges as they become due to the extent of the funds on deposit with Lender from time to time and provided Mortgagor has delivered to Lender the statements or bills therefor. In making any such payments, Lender shall be entitled to rely on any bill issued in respect of any such taxes, assessments or charges without inquiry into the validity, propriety or amount

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1.04.2 Taxes Affecting Lender's Interest. If any state, federal, municipal or other governmental law, order, rule or regulation, which becomes effective subsequent to the date hereof, in any manner changes or modifies existing laws governing the taxation of mortgages or debts secured by mortgages, or the manner of collecting taxes, so as to impose on Lender a tax by reason of its ownership of any or all of the loan instruments or measured by the principal amount of the Note, require or have the practical effect of requiring Lender to pay any portion of the real estate taxes levied in respect of the mortgaged property to pay any tax levied in whole or in part in substitution for real estate taxes. Borrower's liabilities and all interest accrued thereon shall, upon thirty (30) days' notice, become due and payable forthwith at the option of Lender, whether or not there shall have occurred an event of default, provided, however, that, if Mortgagor may, without violating or causing a violation of such law, order, rule or regulation, pay such taxes or other sums as are necessary to eliminate such adverse effect upon the rights of Lender and does pay such taxes or other sums when due, Lender may not elect to declare due Borrower's liabilities by reason of the provisions of this Paragraph 1.04.2.

a separate parcel or parcels which include no property not a part of the mortgaged property. Nothing in this Paragraph 1.04.1 shall require Mortgagor to pay any income, franchise or excise tax imposed upon Lender, excepting only such which may be levied against the income of Mortgagor as a complete or partial substitute for taxes required to be paid by Mortgagor pursuant hereto.

1.06.1 Hazard Insurance. Mortgagor shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of Lender, until Borrower's Liabilities are paid in full, policies of hazard insurance in an amount which shall be not less than 100% of the full insurable replacement cost of the Mortgaged Property (other than the Land) insuring on a replacement cost basis the Mortgaged Property against loss or damage on an "All Risks" form, such insurable hazards, casualties and contingencies as Lender may require, including without limitation fire, windstorm, rainstorm, vandalism and, if all or any part of the Mortgaged

1.06 Insurance and Condemnation.

1.05 Mechanic's and other Liens. Mortgagor shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien or encumbrance (other than any lien for taxes and assessments not yet due) to be created upon or against the Mortgaged Property, provided, however, that Mortgagor may in good faith, by appropriate proceeding, contest the validity, applicability or amount of any asserted lien and, pending such contest, Mortgagor shall not be deemed to be in default hereunder if Mortgagor shall first either (i) deposit with Lender a bond or other security satisfactory to Lender in the amount of one hundred fifty percent (150%) of the amount of such lien or (ii) obtain an endorsement, in form and substance satisfactory to Lender, to the loan policy of title insurance issued to Lender insuring the lien of this Mortgage, insuring over such lien. Mortgagor shall pay the disputed amount and all interest and penalties due in respect thereof on or before the date any adjudication of the validity or amount thereof becomes final and, in any event, no less than thirty (30) days prior to any foreclosure sale of the Mortgaged Property or the exercise of any other remedy by such claimant against the Mortgaged Property.

1.04.4 No Credit Against the Indebtedness Secured Hereby. Mortgagor shall not claim, demand or be entitled to receive any credit against the principal or interest payable under the terms of the Note or on any of Borrower's Liabilities for any of the taxes, assessments or similar impositions assessed against the Mortgaged Property or any part thereof or that are applicable to Borrower's Liabilities or to Lender's interest in the Mortgaged Property.

Paragraph 1.04.3 shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Lender and Lender shall have no obligation to pay interest on amounts deposited with Lender pursuant to this Paragraph 1.04.3. If any Event of Default occurs any part or all of the amounts then on deposit or thereafter deposited with Lender under this Paragraph 1.04.3 may at Lender's option be applied to payment of Borrower's Liabilities in such order as Lender may determine.

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1.06.3 Adjustment of Loss. Mortgagor shall obtain Lender's written consent prior to any adjustment or compromise made by Mortgagor of any loss under any insurance policies covering or related to the Mortgaged Property or the Tangible Goods. Notwithstanding the preceding sentence, Lender is hereby authorized and empowered, at its option, to adjust or compromise any loss of more than \$100,000 under any insurance policies covering or relating to the Mortgaged Property or the Tangible Goods and to collect and receive the proceeds from any such policy or policies (and deposit such proceeds as provided in Paragraph 1.06.5). Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact for the purposes set forth in the preceding sentence. Each insurance

1.06.2 Other Insurance. Mortgagor shall, at its sole expense, obtain for, deliver to, assign to and maintain for the benefit of, Lender, until Borrower's liabilities are paid in full, (i) a general liability insurance policy of not less than \$1,000,000, (ii) a loss of rental and/or business interruption insurance policy (in an amount equal to not less than one year's gross rent or gross income for a fully leased or fully operational building) and (iii) such other insurance policies relating to the Mortgaged Property and the use and operation thereof, including dramshop and workmen's compensation insurance, in such amounts as may be reasonably required by Lender and with such companies and in such form as may be acceptable to Lender. Lender, by written demand upon Mortgagor, may require such policies to contain an endorsement, in form satisfactory to Lender, naming Lender as the loss payee thereunder.

Property shall at any time be located within an area identified by the government of the United States or any agency thereof as having special flood hazards and for which flood insurance is available, Flood. Mortgagor shall pay promptly when due any premiums on such insurance policies and on any renewals thereof. The form of such policies and the companies issuing them shall be reasonably acceptable to Lender. If any such policy shall contain a co-insurance clause it shall also contain an agreed amount or stipulated value endorsement. All such policies and renewals thereof shall be held by Lender and shall contain a standard mortgagee's endorsement making losses payable to Lender. No additional parties shall appear in the mortgage clause without Lender's prior written consent. In the event of loss, Mortgagor will give immediate written notice to Lender and Lender may make proof of loss if not made promptly by Mortgagor (for which purpose Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact). In the event of the foreclosure of this Mortgage or any other transfer of title to the Mortgaged Property in full or partial satisfaction of Borrower's liabilities, all right, title and interest of Mortgagor in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee. All such policies shall provide that they shall not be modified, cancelled or terminated without at least thirty (30) days' prior written notice to Lender from the insurer.

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1.06.5 Repair; Proceeds of Casualty Insurance and Eminent Domain. If all or any part of the mortgaged property shall be damaged or destroyed by fire or other casualty or shall be damaged or taken through the exercise of the power of eminent domain or other cause described in Paragraph 1.06.4, Mortgagor shall promptly and with all due diligence restore and repair the mortgaged property whether or not the proceeds, award or other compensation are sufficient to pay the cost of such restoration or repair. At Lender's election, to be exercised by written notice to Mortgagor within thirty (30) days following Lender's unrestricted receipt in cash or the equivalent thereof of said proceeds, award or other compensation, the entire amount of said proceeds, award or other compensation shall either (i) be applied to Borrower's liabilities in such order and manner as Lender may elect or (ii) be made available to Mortgagor on the terms and conditions set forth in this Paragraph 1.06.5 to finance the cost of restoration or repair with any excess to be applied to Borrower's liabilities. Notwithstanding anything in the foregoing to the contrary, Lender agrees

1.06.4 Condemnation Awards. Lender shall be entitled to all compensation, awards, damages, claims, rights of action and proceeds of, or on account of, (i) any damage or taking, pursuant to the power of eminent domain, of the mortgaged property or any part thereof, (ii) damage to the mortgaged property by reason of the taking, pursuant to the power of eminent domain, of other property, or (iii) the alteration of the grade of any street or highway on or about the mortgaged property. Lender is hereby authorized, at its option, to commence, appear in and prosecute in its own or Mortgagor's name any action or proceeding relating to any such compensation, awards, damages, claims, rights of action and proceeds and to settle or compromise any claim in connection therewith. Mortgagor hereby irrevocably appoints Lender as its attorney-in-fact for the purposes set forth in the preceding sentence. Lender after deducting from such compensation, awards, damages, claims, rights of action and proceeds all its expenses, including attorneys' fees, may apply such net proceeds (except as otherwise provided in Paragraph 1.06.5 of this Mortgage) to payment of Borrower's liabilities in such order and manner as Lender may elect. Mortgagor agrees to execute such further assignments of any compensation awards, damages, claims, rights of action and proceeds as Lender may require.

company is hereby authorized and directed to make payment (i) of 100% of all such losses of more than said amount directly to Lender alone and (ii) of 100% of all such losses of said amount or less directly to Mortgagor alone, and in no case to Mortgagor and Lender jointly. After deducting from such insurance proceeds any expenses incurred by Lender in the collection and settlement thereof, including without limitation attorneys' and adjusters' fees and charges, Lender shall apply the net proceeds as provided in Paragraph 1.06.5. Lender shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

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to make said proceeds, award or compensation available to Mortgagor on the terms and conditions set forth in this Paragraph 1.06.5, provided that the following additional conditions are met: (a) at all times relevant hereto Mortgagor is not in default hereunder, (b) Lender in its reasonable judgment is satisfied that there are sufficient net proceeds to complete restoration of the Mortgaged Property to substantially the same value, condition and character as existed prior to such damage within the term of the Loan or Mortgagor shall cause to be deposited with Lender the amount of such deficiency as estimated by Lender within thirty (30) days of Lender's written request therefor (but in no event later than the commencement of the work) and Mortgagor's deposited funds shall be disbursed prior to any such insurance proceeds, (c) the damage or destruction did not and will not result in cancellation or termination of any leases of all or any part of the Mortgaged Property, (d) the insurers (in the case of an insured casualty loss) do not deny liability as to the insureds, (e) Lender in its reasonable judgment is satisfied that commencement of restoration will occur within one hundred twenty (120) days after the date of the adjustment of the claim by the insurers, and (f) Lender in its reasonable judgment is satisfied that restoration can be completed at least twelve (12) months prior to the Maturity Date of the Note (as defined therein). If Mortgagor is required to deposit funds under this Paragraph 1.06.5, the deposit of such funds shall be a condition precedent to Lender's obligation to disburse any insurance proceeds held by Lender hereunder. The amount of proceeds, award or compensation which is to be made available to Mortgagor, together with any deposits made by Mortgagor hereunder, shall be held by Lender, Julian, Fort & Downey, Inc. or such other party as designated by Lender to be disbursed from time to time but no more than once per month to pay the cost of repair or restoration either, at Lender's option, to Mortgagor or directly to contractors, subcontractors, material suppliers and other persons entitled to payment in accordance with and subject to such conditions to disbursement as Lender may impose to assure that the work is fully completed in a good and workmanlike manner and paid for and that no liens or claims arise by reason thereof. Lender or such other depository may commingle any such funds held by it with its other general funds. Lender or such other depository shall not be obligated to pay interest in respect of any such funds held by it nor shall Mortgagor be entitled to a credit against any of Borrower's liabilities except and to the extent the funds are applied thereto pursuant to this Paragraph 1.06.5. Notwithstanding any other provision of this Paragraph 1.06.5, if an Event of Default shall be existing at the time of such casualty, taking or other event or if an Event of Default occurs thereafter, Lender shall have the right to immediately apply all insurance proceeds, awards or compensation to the payment of Borrower's liabilities in such order and manner as Lender may determine. Lender shall have the right at all times to apply such net proceeds to the cure of any Event of Default or the performance of any obligations of Mortgagor or Beneficiary under the Loan Instruments.

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1.07 Non-Impairment of Lender's Rights. Nothing contained in this Mortgage shall be deemed to limit or otherwise affect any right or remedy of Lender under any provision of this Mortgage or of any statute or rule of law to pay and, upon Mortgageor's failure to pay the same, Lender may pay any amount required to be paid by Mortgageor under Paragraphs 1.04, 1.05 and 1.06. Mortgageor shall pay to Lender on demand the amount so paid by Lender together with interest at the Default Rate (as defined in the Note), and the amount so paid by Lender shall be added to Borrower's Liabilities. The provisions of Paragraph 1.04.3 are solely for the added protection of Lender and entail no responsibility on Lender's part beyond the allowing of due credit as specifically provided therein. Upon assignment of this Mortgage, any funds on hand shall be turned over to the assignee and,

1.06.9 No Premium Due Upon Application. Notwithstanding any provision of the Note to the contrary, no Premium (as defined in the Note) shall be due upon the application by Lender to the principal amount of the Loan of insurance proceeds or eminent domain awards or other compensation.

1.06.8 Insurance Escrow. Mortgageor shall, in order to secure the performance and discharge of Mortgageor's obligations, under this Paragraph 1.06, but not in lieu of such obligations, deposit with Lender on the first day of each calendar month throughout the term of the Loan, a sum in an amount determined by Lender from time to time by written notice to Mortgageor, in order to accumulate funds sufficient to permit Lender to pay all premiums payable in connection with the insurance required hereunder at least thirty (30) days prior to the date or dates on which they shall become due. Upon demand by Lender, Mortgageor shall deliver to Lender such additional monies as are required to satisfy any deficiencies in the amounts necessary to enable Lender to pay such premiums thirty (30) days prior to the date they shall become due.

1.06.7 Renewal of Policies. At least thirty (30) days prior to the expiration date of any policy evidencing insurance required under this Paragraph 1.06.7, a renewal thereof satisfactory to Lender shall be delivered to Lender or substitution thereof, together with receipts or other evidence of the payment of any premiums then due on such renewal policy or substitute policy.

1.06.6 Proceeds of Business Interruption and Rental Insurance. The net proceeds of business interruption and rental insurance shall be paid to Lender for application first to Borrower's Liabilities in such order and manner as Lender may elect and then to the creation of reserves for future payments of Borrower's Liabilities in such amounts as Lender deems necessary with the balance to be remitted to Mortgageor subject to such controls as Lender may deem necessary to assure that said balance is used to discharge accrued and to be accrued expenses of operation and maintenance of the Mortgaged Property.

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1.09 Transfer of Encumbrance of the Mortgaged Property. Prior to the end of the fifth Loan Year (as defined in the Note), Mortgagee shall not permit or suffer to occur any sale, assignment, conveyance, transfer, mortgage, lease (other than leases made in accordance with the provisions of this Mortgage) or encumbrance of, or any contract for any of the foregoing on an installment basis or otherwise, pertaining to the Mortgaged Property, any part thereof, any interest therein, any direct or indirect interest in the beneficial interest in Mortgagee or in any other trust holding title to the Mortgaged Property or any direct or indirect interest in a corporation, partnership or other entity which owns all or part of the Mortgaged Property or such beneficial interest, whether by operation of law or otherwise (hereinafter collectively referred to as "Transfer or Encumbrance") without the prior written consent of Lender having been obtained (i) to any such transfer or Encumbrance and (ii) to the form and substance of any instrument evidencing or contracting for any such Transfer or Encumbrance, without limitation of the foregoing, Lender may condition its consent upon any combination of (i) the payment of a fee to be set by Lender, (ii) the increase of the interest rate payable under the Note, (iii) the shortening of maturity of the Note and (iv) other modifications of the terms of the Note or the other Loan Instruments. Notwithstanding the above, Lender agrees to consent to the following Transfers or Encumbrances without imposing any of the conditions set forth in the preceding sentence upon receipt of thirty days prior written notice so long as Horwitz-Matthews, Inc. and/or Foster International Development, Inc. maintains a fifty percent (50%) controlling interest in the general partners of Beneficiary: (a) any transfer of any general partner-

(b) Except as otherwise provided in this Mortgage, no new improvements shall be constructed on the Mortgaged Property and no part of the Mortgaged Property shall be removed, demolished or altered in any material manner without the prior written consent of Lender. Notwithstanding the above and in lieu of obtaining Lender's consent, Mortgagee shall be required to give Lender prior written notice in the event new improvements are constructed to the interior premises of any tenants of the Mortgaged Property pursuant to a lease entered into pursuant to this Mortgage.

(a) Mortgagee shall preserve and maintain the Mortgaged Property in good and first class condition and repair. Mortgagee shall not, without the prior written consent of Lender, permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or of any part thereof, and will not take any action which will increase the risk of fire or other hazard to the Mortgaged Property or to any part thereof.

1.08 Care of the Mortgaged Property.

provided the assignee shall assume Lender's responsibilities with respect to such funds, any responsibility of Lender with respect to such funds shall terminate.

1.10 Further Assurances. At any time and from time to time, upon Lender's request, and provided that Borrower's Liabilities are not thereby increased, Mortgagor shall make, execute and deliver, or cause to be made, executed and delivered, to Lender, and where appropriate shall cause to be recorded, registered or filed, and from time to time thereafter to be re-recorded, re-registered and refilled at such time and in such offices and places as shall be deemed desirable by Lender, any and all such further

ownership or otherwise. the state of Illinois by filing a Declaration of Condominium portion thereof to be submitted to the Condominium Property Act of Lender. Mortgagor shall not permit the Mortgaged Property or any part, except to the extent specifically agreed in writing by or affect the original liability of Mortgagor, either in whole or given by Lender shall operate to release, discharge, modify, change time for payment of the Note or any other Borrower's Liabilities respect to this Mortgage, and no extension to any person of the of the Mortgaged Property, no forbearance to any person with Mortgagor's liability hereunder or Borrower's Liabilities. No sale Borrower's Liabilities without in any way violating or discharging reference to this Mortgage, the Note, the Loan Instruments and in any way with such successors or successors in interest with other than Mortgagor, Lender may, without notice to Mortgagor, deal any interest therein or any part thereof becomes vested in a person agrees that in the event the ownership of the Mortgaged Property, assignments and any such subordination shall be null and void. Mortgagor encumbrance on the Mortgaged Property other than the Loan Instruments shall be null and void. Mortgagor shall not permit any interest in assignment without the prior express written consent of Lender assigned the rents from the Mortgaged Property, and any such prior written consent of Lender, further assign or permit to be in the Note) for such Loan Year. Mortgagor shall not, without the Service (as defined in the Note) on the Loan and such junior percent (11%) of the aggregate of (A) the combined annual Debt recent Loan Year is equal to or greater than one hundred and ten secured by this Mortgage does not exceed 90% of the Appraised Value the aggregate amount of such indebtedness plus the indebtedness junior in priority to the priority of this Mortgage provided (1) of limited partnership interests; and (e) liens or encumbrances shall be given to Lender within ten days after any such transfer above, the notice required by Mortgagor pursuant to this paragraph transfer of limited partnership interests and notwithstanding the Beneficiary, provided, however, that in the event of any such ary; (d) any transfer of the limited partnership interests in the benefit of immediate family members of any partner or Beneficiary; (c) any transfer to a trust for death of a partner or Beneficiary; (b) any Transfer or Encumbrance by will, partners of Beneficiary; (b) any Transfer or Encumbrance by will, intestate succession or otherwise occurring as a result of the

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(b) Without limitation of the foregoing, if an Event of Default occurs, Lender shall be entitled immediately to exercise all remedies available to it under the Uniform Commercial Code and this Paragraph 1.11. Mortgagor shall, in such event and if Lender

Code.
now or hereafter enacted and specified in the Uniform Commercial Code.
in such financing statement, by the specific statutory consequences law, or, as to such part of the security which is also reflected in such financing statement, by the specific statutory consequences any violation of the covenants, terms and conditions of the agreement as defined in such Uniform Commercial Code, and the remedies for sole election, this Mortgage shall be deemed a security agreement means of perfection of the security interest, then, at Lender's personal property delivered by Mortgagor where possession is the secured party in any Uniform Commercial Code financing statement affecting the Mortgaged Property (or Lender takes possession of it Mortgagor and Lender shall respectively become the debtor and or advisable to create, preserve and protect such lien. When and and refittings and continuations thereof as Lender deems necessary execute and file, on Mortgagor's behalf all financing statements appoints Lender the agent and attorney-in-fact of Mortgagor to Mortgagor hereby authorizes and empowers Lender and irrevocably with the preparation, execution and filing of any such documents. to Lender on demand any expenses incurred by Lender in connection which may be deemed personal property or fixtures, and shall pay of the first lien and security interest created hereby on property Lender may request to preserve, maintain and perfect the priority financing statements pursuant to the Uniform Commercial Code, as execute any and all documents, including without limitation constituting part of the Mortgaged Property. Mortgagor shall furniture and personal property of every nature whatsoever creditor and secured party) a security interest under the Uniform Commercial Code in all fixtures, machinery, appliances, equipment, (a) Mortgagor (as debtor) hereby grants to Lender (as

1.11 Security Agreement and Financing Statements.

Mortgagor hereby irrevocably appoints Lender the agent and attorney-in-fact of Mortgagor to do so.
certificates and documents for and in the name of Mortgagor, and re-register or re-file any and all such mortgages, instruments, so, Lender may make, execute, record, register, file, re-record, interest under this Mortgage. Upon any failure by Mortgagor to do and every person or persons deriving any estate, right, title or whether now owned or hereafter acquired by Mortgagor, and unto all lien of this Mortgage as a lien upon all of the Mortgaged Property, instrument evidencing or securing Borrower's liabilities, and the under, the Note, this Mortgage, any other loan instrument and any effectuate or perfect, or to continue and preserve the obligations of further assurance, certificates and other documents as Lender mortgages, security agreements, financing statements, instruments may consider reasonably necessary or desirable in order to

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(c) Mortgagor and Lender agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing the express declaration and intention of the parties hereto, hereinabove stated, that everything used in connection with the production of income from the mortgaged property and/or adapted for use therein and/or which is described or reflected in this mortgage is, and at all times and for all purposes and in all proceedings, legal or equitable, shall be regarded as part of the real estate encumbered by this mortgage irrespective of whether (i) any such item is physically attached to the land or improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Lender, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) Mortgagor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the mortgaged property, whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of Lender as determined by this instrument or adversely

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so requests, assemble the tangible personal property at Mortgagor's expense, at a convenient place designated by Lender. Mortgagor shall pay all expenses incurred by Lender in the collection of such indebtedness, including reasonable attorneys' fees and legal expenses, and in the repair of any real estate or other property to which any of the tangible personal property may be affixed. If any notification of intended disposition of any of the personal property is required by law, such notification shall be deemed reasonable and proper if given at least ten (10) days before such disposition. Any proceeds of the disposition of any of the personal property may be applied by Lender to the payment of the reasonable expenses of retaking, holding, preparing for sale and selling the personal property, including reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by Lender toward the payment of such of Borrower's liabilities, and in such order of application, as Lender may from time to time elect. If an event of default occurs, Lender shall have the right to exercise and shall automatically succeed to all rights of Mortgagor with respect to intangible personal property subject to the security interest granted herein. Any party to any contract subject to the rights of Lender without the necessity of any further notice or action by beneficiary. Lender shall not by reason of this mortgage or the exercise of any right granted hereby be obligated to perform any obligation of Mortgagor with respect to any portion of the personal property nor shall Lender be responsible for any act committed by the Mortgagor, or any breach or failure to perform by the Mortgagor with respect to any portion of the personal property.

(a) The assignment of rents, income and other benefits contained in Paragraph (c) of this Mortgage shall be fully operative without any further action on the part of either party, and, specifically, Lender shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all rents, income and other benefits from the Mortgaged Property, whether or not Lender takes possession of such property. To the extent permitted by law, Mortgagor hereby further grants to Lender the right effective upon the occurrence of an Event of Default to do any or all of the following, at Lender's option: (i) enter upon and take possession of the Mortgaged Property for the purpose of collecting the rents, income and other benefits; (ii) dispose of by the usual summary proceedings any tenant defaulting in the payment thereof to Lender; (iii) lease the Mortgaged Property or any part thereof; (iv) repair, restore and improve the Mortgaged Property; and (v) apply the rents, income and other benefits, after payment of certain expenses and capital expenditures relating to the Mortgaged Property, on account of Borrower's liabilities in such order and manner as Lender may elect. Such assignment and grant shall continue in effect until Borrower's liabilities are paid in full, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Mortgaged Property by Lender pursuant to such grant, whether or not foreclosure proceedings have been instituted. Neither the exercise of any rights under this paragraph by Lender nor the application of any such rents, income or other benefits to payment of Borrower's liabilities shall cure or waive any Event of Default or notice provided for hereunder, or invalidate any act done pursuant hereto or pursuant to any such notice, but shall be cumulative of all other rights and remedies. Mortgagor and Beneficiary have executed and delivered to Lender an Assignment of Leases and Rents of even date herewith, and, to the extent that the provisions of this Paragraph 1.12 or Paragraph 1.14 are inconsistent with the provisions of said Assignment of Leases and Rents, the provisions of said Assignment of Leases and Rents shall control. Notwithstanding the foregoing, so long as no Event of Default has occurred or is continuing, Mortgagor shall have the right and authority to continue to collect the rents, income and other benefits from the Mortgaged Property as they become due and payable but not more than thirty (30) days prior to the due date thereof. The existence or exercise of such right of Mortgagor to

1.12 Assignment of Rents.

affecting the priority of Lender's lien granted hereby or by any other recorded document. Any such mention in any such financing statement is declared to be for the protection of Lender in the event any court or judge shall at any time hold with respect to clauses (1), (2) or (3) above, that notice of Lender's priority of interest, to be effective against a particular class of persons, including, but not limited to, the federal government and any subdivisions or entity of the federal government, must be filed in the Uniform Commercial Code records.

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(b) The assignment contained in Paragraph (H) of the Granting clauses shall not be deemed to impose upon Lender any of the obligations or duties of the landlord or Mortgagee provided in any lease, including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Mortgage. Mortgagee hereby acknowledges and agrees that Mortgagee is and will remain liable under such leases to the same extent as though the assignment contained in

(a) Mortgagee shall comply with and perform in a complete and timely manner all of its obligations as landlord under all leases affecting the Mortgaged Property or any part thereof. Mortgagee shall give notice to Lender of any default by the landlord under any lease affecting the Mortgaged Property promptly upon the occurrence of such default, but in any event, in such time to afford Lender an opportunity to cure any such default prior to the tenant having any right to terminate the lease. Mortgagee, if requested by Lender, shall furnish promptly to Lender (1) original or certified copies of all such leases now existing or hereafter created, as amended, and (ii) a current rent roll in form reasonably satisfactory to Lender. Lender shall have the right to notify at any time and from time to time any tenant of the Mortgaged Property of any provision of this Mortgage.

1.14 Leases Affecting Mortgaged Property.

1.13 After-acquired property. To the extent permitted by, and subject to, applicable law, the lien of this Mortgage, including without limitation the security interest created under Paragraph 1.11, shall automatically attach, without further act, to all property hereafter acquired by Mortgagee located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Mortgaged Property or any part thereof.

(b) Mortgagee shall not permit any rent under any lease of the Mortgaged Property to be collected more than thirty (30) days in advance of the due date thereof and, upon any receiver, Lender, anyone claiming by, through or under Lender or any purchaser at a foreclosure sale coming into possession of the Mortgaged Property, no tenant shall be given credit for any rent paid more than thirty (30) days in advance of the due date thereof. Mortgagee shall act promptly to enforce all available remedies against any delinquent lessee so as to protect the interest of the lessor under the leases and to preserve the value of the Mortgaged Property.

collect said rents, income and other benefits shall not operate to subordinate this assignment to any subsequent assignment of said rents, income or other benefits, in whole or in part, by Mortgagee, and any such subsequent assignment by Mortgagee shall be subject to the rights of Lender hereunder.

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1.16 Execution of Leases. Mortgagor shall not permit any leases to be made of the Mortgaged Property or existing leases to be renewed without the prior written consent of Lender as to the form of each lease provided that Lender shall, upon written request by Mortgagor, approve or disapprove, stating its reasons therefor, a form lease or leases to be used for office and commercial spaces in the Improvements. Following any such general approval by Lender, Mortgagor shall not modify the approved lease form in any material respect without Lender's prior written consent. Mortgagor shall not permit any lease affecting the Mortgaged Property to be (1) modified, renewed or extended nor execute any new lease without giving Lender prior written notice of such modification, renewal, extension or new lease and furnishing Lender with executed copies

1.15 Management of Mortgaged Property. Mortgagor shall cause the Mortgaged Property to be managed at all times in accordance with sound business practice. If the Improvements are to be leased to multiple occupants, Mortgagor shall cause the Mortgaged Property to be managed by a competent and reputable managing agent acceptable to Lender pursuant to a management agreement approved by Lender in writing in advance of execution thereof by Mortgagor, Beneficiary or anyone acting on behalf of either of them. Following such approval, Mortgagor shall not permit the management agreement to be terminated (except for good cause after notice to Lender), modified, amended or extended, or permit a change in the identity of the management agent, without Lender's prior written consent. Each management agreement shall be subject in all respects to the lien of this Mortgage and the rights of Lender hereunder and each management agreement shall so provide.

1.14 shall be subject to the provisions of Paragraph (H) of the Granting Clauses. Paragraph (H) of the Granting Clauses had not been made. Lender disclaims any assumption of the obligations imposed upon the landlord or Mortgagor under the leases, except as to such obligations which arise after such time as Lender shall have exercised the rights and privileges conferred upon it by the assignment contained in Paragraph (H) of the Granting Clauses and assumed full and indefeasible ownership of the collateral thereby assigned. With respect to the assignment contained in Paragraph (H) of the Granting Clauses, Mortgagor shall, from time to time upon request of Lender, specifically assign to Lender as additional security hereunder, by an instrument in writing in such form as may be approved by Lender, all right, title and interest of Mortgagor in and to any and all leases now or hereafter of or affecting the Mortgaged Property or any part thereof together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Mortgagor to collect the rentals under such lease. Mortgagor shall also execute and deliver to Lender any notification, financing statement or other document reasonably required by Lender to perfect the foregoing assignment as to any such lease. The provisions of this Paragraph 1.14 shall be subject to the provisions of Paragraph (H) of the Granting Clauses.

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(e) Any remedy exercised by Lender following an Event of Default including foreclosure of this Mortgage and actions in connection with taking possession of the Mortgaged Property or collecting rents assigned hereby and by the Assignment of Leases and Rents;

(d) Any court or administrative proceeding or other action undertaken by Lender to enforce any remedy or to collect any indebtedness due under this Mortgage or any of the other Loan Instruments following an Event of Default thereunder, including without limitation a foreclosure of this mortgage or a public or private sale under the Uniform Commercial Code;

(c) Any court or administrative proceeding involving Mortgage, the Mortgaged Property or the Loan Instruments to which Lender is made a party or is subject to subpoena by reason of its being a holder of any of the Loan Instruments, including without limitation bankruptcy, insolvency, reorganization, probate, eminent domain, condemnation, building code and zoning proceedings;

(b) The funding of the Loan;

(a) The preparation, execution, delivery and performance of the Loan Instruments;

1.17 **Expenses.** Mortgagor shall pay when due and payable, and otherwise on demand by Lender, all reasonable out-of-pocket loan fees, appraisal fees, recording and filing fees, taxes, brokerage fees and commissions, financing fees, abstract and survey fees, title insurance fees, escrow fees, attorneys' fees (for purposes of this Mortgage and the other Loan Instruments, attorney's fees shall include compensation and overhead expenses attributable to counsel in the employment of Lender or the commonwealth of Pennsylvania in addition to the fees of any other attorneys retained by Lender), court costs, documentary and expert evidence, fees of inspecting architects and engineers, costs of environmental investigations, and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by Lender in connection with any of the following:

of any such new lease or any documents evidencing such modification, renewal or extension, or (ii) terminated without Lender's prior written consent; provided, however, in the event of a material default by any lessee of the Mortgaged Property, and in lieu of obtaining Lender's consent, Mortgagor shall (a) notify Lender within five (5) days after notifying any lessee that such lessee is in default, which notice to Lender shall describe in detail the nature of such default, and (b) furnish Lender with copies of all documents executed with respect to such termination.

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1.18 Lender's performance of Mortgagor's obligations. If Mortgagor fails to pay any tax, assessment, encumbrance or other imposition, or to furnish insurance hereunder, or to perform any other covenant, condition or term in this Mortgage, the Note or any other Loan Instrument, Lender may, but shall not be obligated to, pay, obtain or perform the same. All payments made, whether such payments are regular or accelerated payments, and costs and expenses incurred or paid by Lender in connection therewith shall be due and payable immediately. The amounts so incurred or paid by Lender, together with interest thereon at the Default Rate (as

If Mortgagor fails to pay said costs and expenses as above provided within ten (10) days after demand therefor, Lender may elect, but shall not be obligated, to pay the costs and expenses described in this Paragraph 1.17, and if Lender does so elect, then Mortgagor will, upon demand by Lender, reimburse Lender for all such expenses which have been or shall be paid or incurred by it. The amounts paid by Lender in respect of such expenses, together with interest thereon at the Default Rate (as defined in the Note) from the date paid by Lender until paid by Mortgagor, shall be added to Borrower's liabilities, shall be immediately due and payable and shall be secured by the lien of this Mortgage and the other Loan Instruments. In the event of foreclosure hereof, Lender shall be entitled to add to the indebtedness found to be due by the court a reasonable estimate of such expenses to be incurred after entry of the decree of foreclosure. To the extent permitted by law, Mortgagor agrees to hold harmless Lender against and from, and reimburse it for, all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses, including without limitation attorneys' fees, which may be imposed upon, asserted against, or incurred or paid by it by reason of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of the Mortgaged Property through any cause whatsoever, or asserted against it on account of any act performed or omitted to be performed hereunder, or on account of any transaction arising out of or in any way connected with the Mortgaged Property, this Mortgage, the other Loan Instruments, any of the indebtedness evidenced by the Note or any of Borrower's liabilities.

(g) Any negotiation undertaken between Lender and Mortgagor or Beneficiary or anyone acting on behalf of Mortgagor or Beneficiary under or the modification or extension of any of the Loan Instruments.

(f) Any activity in connection with any request by Mortgagor or Beneficiary or anyone acting on behalf of Mortgagor or Beneficiary that the Lender consent to a proposed action which, pursuant to this Mortgage or any of the other Loan Instruments may be undertaken or consummated only with the prior consent of Lender, whether or not such consent is granted; or

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1.20 Books and Records. Mortgagor shall cause Beneficiary to keep and maintain at all times complete, true and accurate books of account and records reflecting the results of the operation of the Mortgaged Property. Mortgagor shall cause Beneficiary to furnish to Lender the following as and when specified: (i) within ninety (90) days after the end of each Loan Year (as defined in the Note), financial statements pertaining to Beneficiary, including a balance sheet, profit and loss statement and source and application of funds, certified by a general partner of Beneficiary; (ii) within ninety (90) days after the end of each Loan Year (as defined in the Note), statements of income and expenses with respect to the Mortgaged Property for the Loan Year and a computation (showing in reasonable detail the elements thereof) of Annual Net Cash Flow (as defined in the Note) and the maintenance of reserves for all real estate taxes, assessments and insurance premiums required to be paid herein or in any of the other Loan Instruments, certified by an independent certified public accountant satisfactory to Lender ("Annual Statement"); (iii) within thirty (30) days after the end of each Loan Quarter (as defined in the Note), financial statements in substantially the same form as the Annual Statement except that such quarterly financial statements shall include a statement of income and expenses and a computation of Net Cash Flow with respect to the

1.19 Payment of Superior Liens. To the extent that Lender, after the date hereof, pays any sum due under any provision of law or instrument or document creating any lien superior or equal in priority in whole or in part to the lien of this Mortgage, Lender shall have and be entitled to a lien on the premises equal in priority with that discharged, and Lender shall be subrogated to and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit Lender to secure the Note and all obligations and liabilities secured hereby. Lender shall be subrogated, notwithstanding their release of record, to mortgages, trust deeds, superior titles, vendors' liens, mechanics' and materialmen's liens, charges, encumbrances, rights and equities on the Mortgaged Property to the extent that any obligation under any thereof is paid or discharged with proceeds of disbursements or advances under the Note or other indebtedness secured hereby.

shall not effect the cure of any Event of Default. the consequences of having failed to perform or pay the same and of Mortgagor shall not relieve Mortgagor of such obligation or of under Mortgagor. Performance or payment by Lender of any obligation becoming liable to Mortgagor or any person in possession holding Mortgagor has failed to perform or observe, without thereby performing or observing any covenant, condition or term that the Mortgaged Property or any part thereof for the purpose of is hereby empowered to enter and to authorize others to enter upon by the lien of this Mortgage and the other Loan Instruments. Lender by Mortgagor, shall be added to Borrower's Liabilities and secured defined in the Note) from the date paid by Lender until reimbursed from the date paid by Lender until reimbursed

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1.22 Use of the Mortgaged Property. Mortgagor shall not suffer or permit the Mortgaged Property, or any portion thereof, to be used by the public, as such, without restriction or in such manner as might reasonably tend to impair Mortgagor's title to the Mortgaged Property or any portion thereof, or in such manner as might reasonably make possible a claim or claims of easement by prescription or adverse possession by the public, as such, or of implied dedication of the Mortgaged Property or any portion thereof. Mortgagor shall not use or permit the use of the Mortgaged Property or any portion thereof for any unlawful purpose.

1.21 Stoppage. Mortgagor, within ten (10) days after written request from Lender, shall furnish a written statement executed by Mortgagor and Beneficiary setting forth the unpaid principal of, and interest on, the Note, and any other unpaid sums secured hereby, and whether or not any offsets or defenses are claimed to exist against the payment of such principal and interest or other sums and, if any such offsets or defenses are claimed, the specific basis and amount of each such claim. Mortgagor shall have the right to request from Lender a written statement executed by Lender setting forth the information specified in the foregoing sentence; provided, however, that Lender shall not be obligated to furnish Mortgagor any such statement during the first five (5) Loan Years (as defined in the Note) of the term or more than once a year thereafter. If Mortgagor objects to the principal, interest or escrow amount or the application of any payment shown on any written statement, receipt, invoice or other written notice received by Mortgagor, Beneficiary or any partner or officer of Mortgagor or Beneficiary, Mortgagor shall raise such objection by written notice to Lender within ninety (90) days following receipt of such statement, receipt, invoice or other written notice or else such objection shall be deemed waived by Mortgagor and such other parties.

In the event of a foreclosure of this Mortgage, all of Mortgagor's and Beneficiary's books and records maintained in connection with the Mortgaged Property shall be made available to the successful bidder at the foreclosure sale for inspection and copying for a period of not less than three (3) years following said sale.

Mortgaged Property for the Loan Quarter and shall be certified by a general partner of Beneficiary ("Quarterly Statement"); and (iv) from time to time, as Lender may require, interim unaudited financial statements, certified occupancy reports, certified rent rolls and any such other information pertaining to the Mortgaged Property and the operation thereof. All such financial statements shall be in form reasonably satisfactory to Lender and prepared in accordance with generally accepted accounting principles consistently applied except those financial statements to be prepared pursuant to a cash basis method of accounting.

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(b) Mortgagor shall, and Mortgagor shall use best efforts to cause all employees, agents, contractors and subcontractors of Mortgagor and any other persons from time to time present on or occupying the Mortgaged Property to, keep and maintain the Mortgaged Property, including the soil and ground water thereof, in compliance with, and not cause or knowingly permit the Mortgaged Property, including the soil and ground water thereof, to be in violation of, any applicable Hazardous Materials Laws. Neither Mortgagor nor any employees, agents, contractors or subcontractors of Mortgagor or any other persons occupying or present on the Mortgaged Property shall use, generate, manufacture, store or dispose of on, under or about the Mortgaged Property or transport

(a) Mortgagor covenants and represents, to the best of its knowledge, that there are no, nor has there been, nor will there be for so long as any of Borrower's Liabilities remain outstanding any, Hazardous Materials (as hereinafter defined) generated, released, stored, buried or deposited over, beneath, in or upon the Mortgaged Property (except for asbestos which has been subsequently removed therefrom). For purposes of this Mortgage, "Hazardous Materials" shall mean and include any flammable explosives, petroleum (including crude oil) or any fraction thereof, radioactive materials, hazardous wastes, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of toxic or hazardous substances, wastes, or materials under any federal or applicable state or local laws, ordinances or regulations dealing with or otherwise pertaining to toxic or hazardous substances, wastes or materials. Such laws, ordinances and regulations are hereinafter collectively referred to as the "Hazardous Materials Laws."

1.24 Environmental Safety.

1.23 Litigation Involving Mortgaged Property. Mortgagor shall promptly notify Lender of any litigation, administrative procedure or proposed legislative action initiated against Mortgagor, Beneficiary or the Mortgaged Property or in which the Mortgaged Property is directly or indirectly affected including any proceedings which seek to (i) enforce any lien against the Mortgaged Property, (ii) correct, change or prohibit any existing condition, feature or use of the Mortgaged Property, (iii) condemn or demolish the Mortgaged Property, (iv) take, by the power of eminent domain, any portion of the Mortgaged Property or any property which would damage the Mortgaged Property, (v) modify the zoning applicable to the Mortgaged Property, or (vi) otherwise adversely affect the Mortgaged Property. Mortgagor shall initiate or appear in any legal action or other appropriate proceedings when necessary to protect the Mortgaged Property from damage. Mortgagor shall, upon written request of Lender, represent and defend the interests of Lender in any proceedings described in this Paragraph 1.23 or, at Lender's election, pay the fees and expenses of any counsel retained by Lender to represent the interest of Lender in any such proceedings.

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(d) Mortgagor shall be solely responsible for, and shall indemnify and hold harmless Lender, its directors, officers, employees, agents, successors and assigns from and against, any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence (whether prior to or during the term of the Loan or otherwise and regardless of by whom caused, whether by Mortgagor or any owner of land adjacent to the Mortgaged Property or any other third party, or any employee, agent, contractor or subcontractor of Mortgagor or any such adjacent land owner or any third person) of Hazardous Materials on, under or about the Mortgaged Property occurring after Mortgagor acquired title to the Mortgaged Property and prior to the later of the Maturity Date or the date Mortgagor disposes of title to the Mortgaged Property; including, without limitation: (i) claims of third parties (including governmental agencies) for damages, penalties, losses, costs, fees, expenses, damages, injunctive or other relief; (ii) response costs, clean-up costs, costs and expenses of removal and restoration, including fees of attorneys and experts, and costs of determining the existence of Hazardous Materials and reporting same to any governmental agency; and (iii) any and all expenses or obligations, including reasonable attorneys' fees, incurred at, before and after any trial or appeal

(c) Mortgagor shall immediately advise Lender in writing of: (i) any notices received by Mortgagor (whether such notices are from the Environmental Protection Agency, or any other federal, state or local governmental agency or regional office thereof) of the violation or potential violation occurring on or about the Mortgaged Property of any applicable Hazardous Materials Laws; (ii) any and all enforcement, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any Hazardous Materials Laws; (iii) all claims made or threatened by any third party against Mortgagor or the Mortgaged Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as "Hazardous Materials claims"); and (iv) Mortgagor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Mortgaged Property that could cause the Mortgaged Property or any part thereof to be subject to any Hazardous Materials claims. Lender shall have the right but not the obligation to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials claims and Mortgagor shall pay to Lender, upon demand, all reasonable attorneys' and consultants' fees incurred by Lender in connection therewith.

to or from the Mortgaged Property any Hazardous Materials, except as such Hazardous Materials may be required to be used, stored or transported in connection with the permitted uses of the Mortgaged Property and then only to the extent permitted by law after obtaining all necessary permits and licenses therefor.

(a) The failure by Mortgagor: (i) to pay or deposit when due (A) any payment of Basic Interest (as defined in the Note), or principal within ten (10) calendar days following the date any such payment is due and payable under the Note; (B) any deposit for taxes and assessments due hereunder within five (5) days after such deposit is due hereunder; or (C) any other sums to be paid by Mortgagor hereunder within ten (10) days after such payment is due hereunder; or (ii) to keep, perform or observe any covenant, condition or agreement on the part of Mortgagor in this Mortgage contained in Paragraphs 1.04.1, 1.06.1, 1.06.2 or 1.09 hereof; or (iii) to keep, perform or observe any other covenant, condition or agreement on the part of Mortgagor in this Mortgage and

2.01 Event of Default. The term "Event of Default," wherever used in this Mortgage, shall mean any one or more of the following events:

DEFAULTS

ARTICLE TWO

of the Mortgaged Property. to the amount of any deficiency resulting from a foreclosure sale to the amount of any deficiency resulting from a foreclosure sale Mortgagor under this Paragraph 1.24(d) shall in no way be limited regulations. In the event of a foreclosure, the obligations of for so long as permitted by applicable laws, codes, rules and obligations of Mortgagor under this Paragraph 1.24(d) shall survive a Hazardous Materials claim has been made, in which case the Hazardous Materials Laws has been discovered or claimed to be discovered or period that a violation or suspected violation of the Hazardous notified Mortgagor before the expiration of such five (5) year so acquired title to the Mortgaged Property; unless Lender has Instrument, the date of the foreclosure sale or the date Lender thereof pursuant to an Event of Default under any of the Loan of the Mortgage or conveyance of the Mortgaged Property in lieu repair or otherwise satisfied or (b) in the event of a foreclosure of five (5) years after (a) the date Borrower's Liabilities are Mortgagor under this Paragraph 1.24(d) shall survive for a period Mortgage and the other Loan Instruments. The obligations of immediately due and payable and be secured by the lien of this until paid by Mortgagor, be added to Borrower's Liabilities, be at the Default Rate under the Note from the date incurred by Lender reimbursement, such amounts shall, together with interest thereon Lender shall be paid to Lender on demand, and, failing prompt Mortgagor is responsible or for which Mortgagor has indemnified damage, cost, expense or liability incurred by Lender for which limitation, reasonable attorneys' fees, witness fees, deposition costs, copying and telephone charges and other expenses. Any loss, Mortgagor is responsible or for which Mortgagor has indemnified Lender shall be paid to Lender on demand, and, failing prompt reimbursement, such amounts shall, together with interest thereon at the Default Rate under the Note from the date incurred by Lender until paid by Mortgagor, be added to Borrower's Liabilities, be immediately due and payable and be secured by the lien of this Mortgage and the other Loan Instruments. The obligations of Mortgagor under this Paragraph 1.24(d) shall survive for a period of five (5) years after (a) the date Borrower's Liabilities are repaired or otherwise satisfied or (b) in the event of a foreclosure of the Mortgage or conveyance of the Mortgaged Property in lieu thereof pursuant to an Event of Default under any of the Loan Instruments, the date of the foreclosure sale or the date Lender so acquired title to the Mortgaged Property; unless Lender has notified Mortgagor before the expiration of such five (5) year period that a violation or suspected violation of the Hazardous Materials Laws has been discovered or claimed to be discovered or a Hazardous Materials claim has been made, in which case the obligations of Mortgagor under this Paragraph 1.24(d) shall survive for so long as permitted by applicable laws, codes, rules and regulations. In the event of a foreclosure, the obligations of Mortgagor under this Paragraph 1.24(d) shall in no way be limited to the amount of any deficiency resulting from a foreclosure sale of the Mortgaged Property.

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such failure shall continue for thirty (30) days following the delivery of written notice to Mortgagee; provided, however, if such failure is of the kind or nature that (in Lender's judgment) it is curable but is not capable of being cured within thirty (30) days, and provided, further, that Mortgagee has promptly commenced and is diligently proceeding to cure, then it such failure is not cured within sixty (60) days following the delivery of such notice.

(b) The occurrence of a default under any of the Loan Instruments not cured within such cure, grace or other period, if any, provided in such Loan Instrument.

(c) The occurrence of an "Event of Default" under and as defined in any of the Loan Instruments.

(d) The untruth in any material respect of any warranty or representation made herein or in any affidavit or certificate executed by Beneficiary or any person acting on behalf of the Beneficiary or Mortgagee in connection with the Loan, the application therefor or the disbursement thereof.

(e) An uninsured loss, damage, destruction or taking by eminent domain or other condemnation proceedings of any substantial portion of the Mortgaged Property or any part of the Mortgaged Property which materially impairs any of the intended uses of the Mortgaged Property. Notwithstanding the above, in the event Mortgagee promptly remits to Lender such sums as are necessary, in Lender's sole judgment, to restore or repair such loss, damage or destruction, such loss, damage or destruction shall not constitute an Event of Default; provided, however, that in the event such loss, damage or destruction is uninsured by reason of Mortgagee's failure to procure or maintain any insurance required under this Mortgage or any of the other Loan Instruments, and notwithstanding anything in Section 2.1(a) to the contrary, such failure shall constitute an Event of Default.

(f) The appointment of a receiver, trustee or conservator of Mortgagee, Beneficiary, all or any part of the Mortgaged Property or Mortgagee's or Beneficiary's business pertaining to the operation of the Mortgaged Property, which appointment is not dismissed within sixty (60) days after being made.

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(g) The occurrence of any of the following events:

(1) An admission in writing by a Party in Interest of its inability to pay debts as they become due;

(ii) The institution by a Party in Interest of bankruptcy, reorganization, insolvency or arrangement proceedings of any kind under federal, state or any similar law (state or federal) now or hereafter existing which proceedings are not dismissed within sixty (60) days of filing;

(iii) The making of a general assignment for the benefit of creditors by a Party in Interest;

(v) The declaration by any court, government or governmental agency of the bankruptcy or insolvency of a Party in Interest which is not dismissed within sixty (60) days after being declared;

(vi) The entry of a final judgment against a Party in Interest for \$25,000 or more (or in the event Horwitz Matthews, Inc. or Foster International Developments, Inc. is the Party in Interest against which the entry of a final judgment is entered and provided further that such final judgment does not in any way affect the mortgaged property, the entry of a final judgment for \$500,000 or more) which is not satisfied within sixty (60) days of the date on which such judgment shall have become final and all stays of execution pending appeal or otherwise shall have expired; provided, however, if such judgment is not capable of being satisfied within said sixty (60) day period or Mortgagee seeks to contest the validity of such judgment by appropriate proceedings diligently commenced and pursued, the entry of such judgment shall not be an event of default hereunder if Mortgagee shall, within five (5) days after entry of such judgment, either (A) deposit with Lender a bond or other security satisfactory to Lender in the amount of one hundred and fifty percent (150%) of the amount of such judgment, or (B) obtain an endorsement, in form and substance satisfactory to Lender, to the loan title policy issued to Lender insuring over such judgment.

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3.02 Lender's Power of Enforcement. If an Event of Default shall have occurred, Lender may, either with or without entry or taking possession as provided in this Mortgage or other-

3.01 Acceleration of Maturity. If an Event of Default shall have occurred, Lender may declare the outstanding principal amount of the Note and the interest accrued thereon and any other of Borrower's liabilities to be immediately due and payable, and upon such declaration such principal and interest and other Borrower's liabilities declared due shall immediately become and be due and payable without further demand or notice.

REMEDIES

ARTICLE THREE

For purposes of this Mortgage, Mortgagee shall be deemed to be "in default" under this Mortgage and a "default" shall be deemed to exist under this Mortgage if an Event of Default shall have occurred and be continuing or if any event shall have occurred which would constitute an Event of Default if not cured following the giving of notice or prior to the expiration of any grace period or both.

(1) The occurrence of a sale, assignment, conveyance, transfer, mortgage, lien or encumbrance of, or execution of a contract for any of the foregoing, in violation of Paragraph 1.09 hereof.

(2) The filing of any lien or claim for lien against any portion of the Mortgaged Property and the failure of Mortgagee, within thirty (30) days following the date of recording, to discharge such lien or to induce the title insurance company to commit to insure Lender over such lien.

For purposes of the foregoing clauses (1) through (vii), "a party in interest" shall mean Mortgagee, Beneficiary, any corporate general partner of Mortgagee or Beneficiary, any.

(viii) Any amendment of the limited partnership agreement of Beneficiary which would result in a violation of Paragraph 1.09 herein, without Lender's prior written consent.

(vii) The issuance of a writ or warrant of attachment, levy, seizure or distraint or any similar process against a party in interest or all or a material part of the Mortgaged Property which is not stayed within sixty (60) days of issuance or the lapse of any such stay; or

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wise, and without regard to whether or not Borrower's Liabilities shall have been accelerated, and without prejudice to the right of Lender thereafter to bring an action of foreclosure or any other action for any default existing at the time such earlier action was commenced or arising thereafter, proceed by any appropriate action or proceeding: (a) to enforce payment of the Note and/or any other of Borrower's Liabilities or the performance of any term hereof or any of the other Loan Instruments; (b) to foreclose this Mortgage and to have sold, as an entirety or in separate lots or parcels, the Mortgaged Property; and (c) to pursue any other remedy available to it. Lender may take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, or both, as Lender may determine. Without limitation of the foregoing, if an Event of Default shall have occurred, as an alternative to the right of foreclosure for the full indebtedness evidenced by the Note and the interest accrued thereon and any other Borrower's Liabilities, after acceleration thereof, Lender shall have the right to institute partial foreclosure proceedings with respect to the portion of Borrower's Liabilities so in default or in respect only of the principal amount (if Lender shall have accelerated the maturity thereof) and accrued interest thereon (but without effect on the unmatured portion of the Additional Interest (as defined in the Note)), as if under a foreclosure for all of Borrower's Liabilities matured and unmatured, and without declaring all of Borrower's Liabilities to be immediately due and payable (such proceedings being referred to herein as "partial foreclosure-"), and provided that, if Lender has not elected to accelerate all of Borrower's Liabilities and a foreclosure sale is made in respect of only a part of Borrower's Liabilities, such sale may be made subject to the continuing lien of this Mortgage for the unmatured part of Borrower's Liabilities (including any such unmatured Additional Interest). Any sale pursuant to a partial foreclosure, it so made, shall not in any manner affect the unmatured portion of Borrower's Liabilities (including any such unmatured Additional Interest), but as to such unmatured portion, this Mortgage and the lien thereof shall remain in full force and effect just as though no foreclosure sale had been made. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Lender may elect, at any time prior to a foreclosure sale pursuant to such decree, to discontinue such partial foreclosure and to accelerate any other portion of Borrower's Liabilities by reason of any Event of Default upon which such partial foreclosure was predicated or by reason of any other defaults, and proceed with foreclosure proceedings with respect to such matured liabilities. Lender may proceed with one or more partial foreclosures without exhausting its right to proceed with a full or partial foreclosure sale for any unmatured portion of Borrower's Liabilities, it being the purpose to permit, from time to time a partial foreclosure sale for any matured portion of Borrower's Liabilities without exhausting the power to foreclose and to sell the Mortgaged Property pursuant to any partial foreclosure (including any other portion of Borrower's Liabilities) including any such unmatured Additional Interest), whether matured at the time or subsequently maturing,

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(1) perform such construction, make all necessary and proper maintenance, repairs, renewals, replacements, additions and improvements thereto and thereon, and purchase or otherwise acquire additional fixtures and personal property;

(c) Upon every such entering upon or taking of possession, Lender, to the extent permitted by law, may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time:

(b) If Mortgagor or Beneficiary shall for any reason fail to surrender or deliver the Mortgaged Property or any part thereof after Lender's demand, Lender may obtain a judgment or decree conferring on Lender the right to immediate possession or requiring Mortgagor and Beneficiary to deliver immediate possession of all or part of the Mortgaged Property to Lender, to the entry of which judgment or decree Mortgagor hereby specifically consents. Mortgagor shall pay to Lender, upon demand, all costs and expenses of obtaining such judgment or decree and reasonable compensation to Lender, its attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Mortgage.

(a) If an Event of Default shall have occurred, (1) Mortgagor, upon demand of Lender, shall forthwith surrender to Lender and cause Beneficiary to surrender to Lender the actual possession of the Mortgaged Property, and if and to the extent permitted by law, Lender itself, or by such officers or agents as it may appoint, is hereby expressly authorized to enter and take possession of all or any portion of the Mortgaged Property and may exclude Mortgagor, Beneficiary and the agents and employees of either or both of them wholly therefrom and shall have joint access with Mortgagor and Beneficiary to the books, papers and accounts of Mortgagor and Beneficiary; and (ii) notwithstanding the provisions of any lease or other agreement to the contrary, Mortgagor shall pay monthly in advance to Lender, on Lender's entry into possession, or to any receiver appointed to collect the rents, income and other benefits of the Mortgaged Property, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of Mortgagor or Beneficiary, or any entity affiliated with or controlled by Mortgagor or Beneficiary, and upon default in any such payment Mortgagor shall, and shall cause Beneficiary to, vacate and surrender possession of such part of the Mortgaged Property to Lender or to such receiver, and in default thereof Mortgagor may be evicted by summary proceedings or otherwise.

3.03 Lender's Right to Enter and Take Possession, Operate and Apply Income.

and without exhausting at any time the right of acceleration and the right to proceed with a full foreclosure.

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3.04 Leases. Lender is authorized to foreclose this mortgage subject to the rights, if any, of any or all tenants of the mortgaged property, even if the rights of any such tenants are or would be subordinate to the lien of this mortgage. Lender may elect to foreclose the rights of some subordinate tenants while foreclosing subject to the rights of other subordinate tenants. The failure to make any subordinate tenant a party defendant to any foreclosure proceedings and to foreclose its rights will not be, or any other party claiming by, through or under mortgage to be, a defense to any such foreclosure proceeding or any other proceeding instituted by lender to collect the sums secured hereby or to collect any deficiency remaining unpaid after the foreclosure sale of the mortgaged property. Mortgagor shall not enter into any lease of the mortgaged property or portion thereof for a term (including option periods) of thirty (30) years or more without the prior written consent of Lender.

Lender shall surrender possession of the mortgaged property to mortgagor only when all borrower's liabilities shall have been paid in full and all other defaults have been cured. However, the same right to take possession shall exist if any subsequent Event of Default shall occur.

(v) exercise such remedies as are available to Lender under the Loan Instruments or at law or in equity.

(iv) enter into agreements with others to exercise the powers herein granted Lender, all as Lender from time to time may determine; and Lender may collect and receive all the rents, income and other benefits of the mortgaged property, including those past due as well as those accruing thereafter; and shall apply the monies so received by Lender, in such order and manner as Lender may determine, to (1) the payment of interest, principal and other payments due and payable on the Note or pursuant to this mortgage or to any other borrower's liabilities, (2) deposits for taxes and assessments, (3) the payment or creation of reserves for payment of insurance, taxes, assessments and other proper charges or liens or encumbrances upon the mortgaged property or any part thereof, and (4) the compensation, expenses and disbursements of the agents, attorneys and other representatives of Lender; and

(iii) manage and operate the mortgaged property and exercise all the rights and powers of the mortgagor, on its behalf or otherwise, with respect to the same;

(ii) insure or keep the mortgaged property insured;

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3.09 Receiver - Lender in Possession. If an Event of Default shall have occurred, Lender, to the extent permitted by law

and redemption as allowed under Section 15-1601(b) of the Act. hereby voluntarily and knowingly waives its rights to reinstatement 15-1219 of the Act), and to the full extent permitted by law, the "Act") or residential real estate (as defined in Section Sections 15-1101 et seq., Illinois Revised Statutes) (herein called 15-1201 of the Illinois Mortgage Foreclosure Law (Chapter 110, include either agricultural real estate (as defined in Section which this Mortgage is a transaction which does not as an entirety. Mortgagor acknowledges that the transaction of to foreclose such lien may sell the mortgaged property in part or lien hereof and agrees that Lender or any court having jurisdiction ing the mortgaged property marshalled upon any foreclosure of the of all such laws, and any and all right to have the assets compris- waives, to the full extent that it may lawfully so do, the benefit and all who may at any time claim through or under it, hereby after such sale, of the purchaser thereof, immediately the final and absolute putting into possession thereof, immediately of this Mortgage or the absolute sale of the mortgaged property or action which would prevent or hinder the enforcement or foreclosure stay or extension laws now or hereafter in force, or take any other claim or seek to take advantage of any appraisal, valuation, Mortgage nor anyone claiming through or under it will set up, permitted by law, that in case of an Event of Default, neither of redemption. Mortgagor further agrees, to the full extent and Redemption Laws. Mortgagor hereby waives any and all rights 3.08 Waiver of Appraisal, Valuation, Stay, Extension

price. Liabilities, or any decree in lieu thereof, toward the purchase Mortgage or any other loan instrument or any other borrower's indebtedness and other sums due to Lender under the Note, this Upon any foreclosure sale, Lender may apply any or all of the 3.07 Application of Indebtedness Toward Purchase Price.

interest (as defined in the Note) and then to principal. Additional interest (as defined in the Note), then to Basic including attorneys' fees of the foreclosure proceeding, then to of such election, first to the expenses of sale, then to expenses (60) days following confirmation of the sale and, in the absence elect in a written notice to Mortgagor given on or before sixty indebtedness secured hereby in such order and manner as Lender may part thereof received by Lender shall be applied by Lender to the proceeds of any foreclosure sale of the mortgaged property or any 3.06 Application of Foreclosure Sale Proceeds. The

right without further accountability. retain and possess and dispose of such property in its own absolute Property and, upon compliance with the terms of the sale, may hold, Lender may bid for and purchase all or any portion of the mortgaged 3.05 Purchase by Lender. Upon any foreclosure sale,

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3.11 Proofs of claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting mortgagor or Beneficiary, Lender, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claims allowed in such proceedings for the entire amounts due and payable under the Note, this Mortgage and any other Loan Instrument, at the date of the institution of such proceedings, and for any additional amounts which may become due and payable after such date.

3.10 Suits to protect the Mortgaged Property. Lender shall have the power and authority (but not the duty) to institute and maintain any suits and proceedings as Lender may deem advisable (a) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or which violate the terms of this Mortgage, (b) to preserve or protect its interest in the Mortgaged Property, or (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid. If the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to Lender's interest.

and without regard to the value of the Mortgaged Property or the adequacy of the security for the indebtedness and other sums secured hereby, shall be entitled as a matter of right and without any additional showing or proof, at Lender's election, to either the appointment by the court of a receiver (without the necessity of Lender posting a bond) to enter upon and take possession of the Mortgaged Property and to collect all rents, income and other benefits thereof and apply the same as the court may direct or to be placed by the court into possession of the Mortgaged Property as Lender in possession with the same power herein granted to a receiver and with all other rights and privileges of a lender in possession under law. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect all rents, income and other benefits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for such rents, income and other benefits actually received by Lender, whether received pursuant to this Paragraph 3.09 or Paragraph 3.03. Notwithstanding the appointment of any receiver or other custodian, Lender shall be entitled as pledgee to the possession and control of any cash, deposits or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to Lender.

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3.14 Waiver of Default. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies in respect thereof. If Lender (a) grants forbearance or an extension of time for the payment of any sums secured hereby,

3.13 Delay or Omission. No delay or omission of Lender in the exercise of any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to Lender may be exercised from time to time and as often as may be deemed expedient by Lender.

(d) Any monies collected or received by Lender under this Paragraph 3.12 shall be applied to the payment of compensation, expenses and disbursements of the agents, attorneys and other representatives of Lender, and the balance remaining shall be applied to the payment of Borrower's Liabilities, in such order and manner as Lender may elect, and any surplus, after payment of all Borrower's Liabilities, shall be paid to Mortgagee.

(c) Mortgagee hereby agrees, to the extent permitted by law, that no recovery of any judgment by Lender under any of the Loan Instruments, and no attachment or levy of execution upon any of the Mortgaged Property or any other property of Mortgagee, shall (except as otherwise provided by law) in any way affect the lien of this Mortgage upon the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of Lender hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before until Borrower's Liabilities are paid in full.

(b) In case of a foreclosure sale of all or any part of the Mortgaged Property and of the application of the proceeds of sale to the payment of Borrower's Liabilities, Lender shall be entitled to enforce all other rights and remedies under the Loan Instruments.

(a) Upon occurrence of an Event of Default, Lender shall be entitled to sue for and to recover judgment against Mortgagee for Borrower's Liabilities due and unpaid together with costs and expenses, including, without limitation, the reasonable compensation, expenses and disbursements of Lender's agents, attorneys and other representatives, either before, after or during the pendency of any proceedings for the enforcement of this Mortgage; and the right of Lender to recover such judgment shall not be affected by any taking of possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Mortgage, or the foreclosure of the lien hereof.

3.12 Mortgagee to Pay Borrower's Liabilities in Event of Default; Application of Monies by Lender.

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3.17 Interest After Event of Default. If an Event of Default shall have occurred, all sums outstanding and unpaid under the Note and all other Borrower's Liabilities shall, to the extent permitted by law, bear interest thereafter at the Default Rate as defined in the Note until such Event of Default is cured.

3.16 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Lender by the Note, this Mortgage or any other Loan Instrument evidencing or securing Borrower's Liabilities is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Note or any other Loan Instrument or any instrument evidencing or securing Borrower's Liabilities, or now or hereafter existing at law, in equity or by statute.

3.15 Discontinuance of Proceedings; Position of Parties Restored. If Lender shall have proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or such proceedings shall have resulted in a final determination adverse to Lender, then and in every such case Mortgagee and Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Lender shall continue as if no such proceedings had occurred or had been taken.

(b) takes other or additional security for the payment thereof, (c) Mortgagee or any other Loan Instrument, (d) releases any part of the Mortgagee Property from the lien of this Mortgage or any other Loan Instrument, (e) consents to the filing of any map, plat or replat of the Land, (f) consents to the granting of any easement on the Land, or (g) makes or consents to any agreement changing the terms of this Mortgage or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the lien of this Mortgage or any other Loan Instrument or the liability under the Note or other Loan Instruments of Mortgagee, any subsequent purchaser of the Mortgaged Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor, except as otherwise expressly provided in an instrument provided in an instrument or instruments executed by Lender, no such act or omission shall preclude Lender from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default, nor shall the lien of this Mortgage be altered thereby, except to the extent of any releases as described in clause (d), above, of this Paragraph 3.14.

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4.01 Heirs, Successors and Assigns included in Parties.

Whenever Mortgagor, Lender or Beneficiary is named or referred to herein, heirs and successors and assigns of such person or entity shall be included, and all covenants and agreements contained in this Mortgage shall bind the successors and assigns of Mortgagor and Beneficiary, including any subsequent owner of all or any part of the Mortgaged Property and inure to the benefit of the successors and assigns of Lender. This Paragraph 4.01 shall not be construed to permit an assignment, transfer, conveyance, encumbrance or other disposition otherwise prohibited by this Mortgage.

4.02 Notices. All notices, requests, reports demands or other instruments required or contemplated to be given or furnished under this Mortgage to Mortgagor or Lender shall be directed to Mortgagor or Lender as the case may be at the following addresses:

If to Lender:

Commonwealth of Pennsylvania State Employees' Retirement System
c/o Latimer & Buck Financial Services, Inc.
121 South Broad Street
Philadelphia, Pennsylvania 19107
Attn: Mr. Douglas Callantine,
Senior Vice President

With a copy to:

Deputy Chief Counsel-SERS
909 Green Street
Boas School Building
Harrisburg, Pennsylvania 19102
Attn: Mr. Cornelius Daly

With a copy to:

Julian, Tott & Downey, Inc.
Three First National Plaza
54th Floor
Chicago, Illinois 60602
Attn: Mr. Michael S. Goldman

With a copy to:

Goldberg, Kohn, Bell, Black,
Rosenbloom & Moritz, Ltd.
55 East Monroe Street
Suite 3900
Chicago, Illinois 60603
Attn: Mr. Stephen B. Bell

MISCELLANEOUS PROVISIONS

ARTICLE FOUR

4.05 changes. Neither this Mortgage nor any term hereof may be released, changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the release, change, waiver, discharge or termination is sought. To the extent permitted by law, any agreement hereafter made by Mortgagor and

4.04 Invalid Provisions. In the event that any of the covenants, agreements, terms or provisions contained in the Note, this Mortgage or in any other Loan Instrument shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note or in any other Loan Instrument (or the application of the covenant, agreement, term held to be invalid, illegal or unenforceable, to persons or circumstances other than those in respect of which it is invalid, illegal or unenforceable) shall be in no way affected, prejudiced or disturbed thereby.

4.03 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience only, are not to be considered a part hereof, and shall not limit, expand or otherwise affect any of the terms hereof.

Any such notices, requests, reports, demands or other instruments shall be (i) personally delivered to the offices set forth above, in which case they shall be deemed delivered on the date of delivery to said offices, (ii) sent by certified mail, return receipt requested, in which case they shall be deemed delivered three (3) business days after deposit in the U.S. mail, postage prepaid, or (iii) sent by air courier (Federal Express or like service), in which case they shall be deemed delivered on the date of actual delivery. Either party may change the address to which any such notice, report, demand or other instrument is to be delivered by furnishing written notice of such change to the other party in compliance with the foregoing provisions.

Greenberger, Krauss & Jacobs
180 North LaSalle Street
Suite 2700
Chicago, Illinois 60601
Attn: Ms. Merle Teitelbaum Cowin

with a copy to:

Horwitz Matthews, Inc.
814 North Franklin Street
Chicago, Illinois 60610
Attn: Tom Horwitz

with a copy to:

33 North LaSalle Street
Chicago, Illinois 60690
Attn: Land Trust Department

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Company of Chicago, T/U/T
American National Bank and Trust

If to Mortgagor:

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4.08 Future Advances. This Mortgage is given to secure not only existing indebtedness, but also future advances (whether such advances are obligatory or are to be made at the option of Lender, or otherwise) made by Lender under the Note, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but all indebtedness secured hereby shall, in no event, exceed five times the aggregate face amount of the Note.

4.07 Required Notices. Mortgagor shall notify Lender promptly of the occurrence of any of the following: (i) receipt of notice from any governmental authority relating to the violation of any rule, regulation, law or ordinance, the enforcement of which would materially and adversely affect the Mortgaged Property; (ii) material default by any tenant in the performance of its obligations under any lease of all or any portion of the Mortgaged Property or receipt of any notice from any such tenant claiming that a default by landlord in the performance of the obligations under any such lease has occurred; or (iii) commencement of any judicial or administrative proceedings by or against or otherwise adversely affecting Mortgagor, Beneficiary or the Mortgaged Property.

4.06 Governing Law and Sovereign Immunity of Lender. This Mortgage has been executed in the State of Illinois and shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Illinois. Lender hereby reserves all immunities, defenses, rights or actions arising out of its status as a sovereign state or from the Eleventh Amendment to the United States Constitution. No waiver of any such immunities, defenses, rights or actions is to be implied by any provision hereof. Mortgagor hereby consents to the jurisdiction of any of the courts of the Commonwealth of Pennsylvania and of any federal courts located therein and agrees that Lender may bring suit against Mortgagor in any of such courts. Mortgagor also waives the right to bring any counterclaims against Lender (but specifically reserves the right to bring any defenses or affirmative defenses against Lender) in any suit or action in any court of law or equity in which Lender and Mortgagor are adverse parties.

Lender relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance. Any holder of a lien or encumbrance junior to the lien of this Mortgage shall take its lien subject to the right of Lender to amend, modify or supplement this Mortgage, the Note or any of the other loan instruments, to extend the maturity of Borrower's liabilities or any portion thereof, to vary the rate of interest chargeable under the Note and to increase the amount of the indebtedness secured hereby, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien.

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4.12 Exculpatory Provision. This Mortgage is executed by American National Bank and Trust Company of Chicago, not in its individual capacity, but solely as trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such trustee. It is expressly understood and agreed that nothing contained herein or in the loan instruments shall be construed as creating any liability on American National Bank and Trust Company of Chicago, in its individual capacity to pay the Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenant either express or implied herein contained, all such liability in its individual capacity, if any, being expressly waived by Lender and by every person now or hereafter claiming any right or security hereunder, so far as Mortgagor and its successors and said American National Bank and Trust Company of Chicago personally are concerned, the legal holder of the Note and the owner or owners of any indebtedness accruing hereunder shall look solely to the premises hereby conveyed and any rent or proceeds therefrom for the payment thereof, by the enforcement of the lien hereby created, in the manner herein and in said Note provided or by action to enforce the personal liability of any indemnitators under any indemnity agreement executed in connection with the Loan, or by the exercise of any remedy available under any of the other loan instruments.

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4.11 Compliance with Illinois Mortgage Foreclosure Law. In the event that any provision in this Mortgage shall be inconsistent with any provision of the Act, the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act. If any provision of this Mortgage shall grant to Lender any rights or remedies upon an event of default of the Mortgagor which are more limited than the rights that would otherwise be vested in Lender under the Act in the absence of said provision, Lender shall be vested with the rights granted in the Act to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Lender to the extent reimbursable under Sections 15-1510 and 15-1512 of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in this Mortgage, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

4.10 Attorneys' Fees. Whenever reference is made herein to the payment or reimbursement of attorneys' fees, such fees shall be deemed to include reasonable compensation to staff counsel, if any, of Lender in addition to the fees of any other attorneys engaged by Lender.

4.09 Release. Upon full payment of Borrower's Liabilities, Lender shall issue to Mortgagor an appropriate release deed in recordable form.

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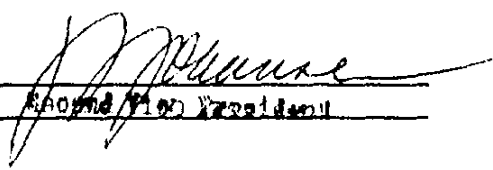
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IN WITNESS WHEREOF, Mortgagor has caused this instrument to be executed by its duly authorized officers as of the day and year first above written.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not in its individual capacity but as Trustee under Trust Agreement dated November 30, 1983 and known as Trust No. 59311

ATTEST:


Its Assistant Secretary

By 
Its Board Vice President

THIS INSTRUMENT PREPARED BY,
AND AFTER RECORDING RETURN TO:

Stephen B. Bell
Goldberg, Kohn, Bell, Black,
Rosenbloom & Moritz, Ltd.
55 East Monroe Street
Suite 3900
Chicago, Illinois 60603

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The terms and conditions contained in this instrument to the contrary notwithstanding this instrument is subject to the provisions of the Trustee's Escalatory Rider attached hereto and, made a part hereof.

This instrument is executed by the undersigned Land Trustee, not personally but solely as Trustee in the exercise of the power and authority conferred upon and vested in it as such Trustee. It is expressly understood and agreed that all of the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee are undertaken by it solely in its capacity as Trustee and not personally. It is further understood and agreed that the Trustee merely holds title to the property herein described and has no agents, employees or control over the management of the property and no knowledge of other factual matters except as represented to it by the beneficiary(ies) of the Trust. No personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Trustee on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the Trustee in this instrument, all such liability being expressly waived by every person now or hereafter claiming any right or security hereunder; and the owner of any indebtedness or cause of action for breach of any warranty, indemnity, representation, covenant, undertaking or agreement accruing hereunder shall look solely to the Trust estate for the payment thereof.

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Property of Cook County Clerk

My Commission Expires:

Notary Public

M. J. [Signature]

DEC 18 1989
GIVEN under my hand and notarial seal this ___ day of _____, 198__.

I, _____, a Notary Public in and for _____, do hereby certify that _____ and _____ of American National Bank and Trust Company of Chicago, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such _____ and _____ appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary acts and as the free and voluntary act of said bank; and the said _____ Assistant Secretary acknowledged that _____, as custodian of the corporate seal of said bank, did affix said corporate seal to said instrument as _____ own free and voluntary act and as the free and voluntary act of said bank for said uses and purposes.

STATE OF ILLINOIS)
) SS)
(COUNTY OF COOK)

ACKNOWLEDGMENT

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WP124-03/120789sa(25)

Additional Cash Flow Interest. The additional interest described in Section 1.2(a).

Additional Appreciation Interest. The additional interest described in Section 1.2(b).

DEFINITIONS

II. The payment of this Note is secured by (a) a Mortgage executed by Mortgagor on certain real estate in Cook County, Illinois (the "Mortgaged Property"); (b) an Assignment of Leases and Rents pertaining to the Mortgaged Property; and (c) a Security Agreement relating to personal property on the Mortgaged Property and other property. This Note together with the Loan Commitment, any and all mortgages, security agreements, assignments of leases and rents, guarantees, letters of credit and any other documents and instruments now or hereafter executed and delivered in connection with the Loan, and any and all amendments, renewals, extensions and replacements hereof and thereof, are hereafter collectively referred to herein as the "Loan Instruments." The terms of the other Loan Instruments are hereby incorporated, by reference, in this Note. All defined terms used herein shall have the meaning ascribed to them in the Mortgage except as otherwise provided herein.

I. 116 South Michigan Associates, an Illinois limited partnership ("Beneficiary"), owns one hundred percent (100%) of the beneficial interest in Mortgagor. Beneficiary and Lender have entered into a letter agreement dated August 3, 1989 and accepted September 7, 1985 (the "Loan Commitment") pursuant to which Lender has agreed, subject to the terms and conditions thereof, to make a loan to Mortgagor in an amount not to exceed the principal amount hereof (the "Loan"). This Note evidences Mortgagor's unconditional obligation to repay the Loan.

RECITALS

THIS NOTE, dated as of December 1, 1989, is made and executed in Chicago, Illinois by American National Bank and Trust Company of Chicago, not in its individual capacity but as Trustee under a Trust Agreement dated November 30, 1983 and known as Trust No. 59311 ("Mortgagor"), is in the original principal amount of Eleven Million Eight Hundred Thousand and No/100 Dollars (\$11,800,000), with interest as provided herein, and is payable to the order of the Commonwealth of Pennsylvania State Employees' Retirement System, an independent administrative agency of the Commonwealth of Pennsylvania ("Lender").

NOTE

EXHIBIT A

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Loan Quarter. The period beginning on the Disbursement Date and ending on December 31, 1989 (the "Partial Loan Quarter")

Section 2.4.

Letter of Credit. The letter of credit described in

Mortgaged Property.

Beneficiary for the cost of owning, operating or maintaining the deposits and amounts paid by tenants to reimburse Mortgagor or deposits but including forfeited or non-refundable security Mortgaged Property excluding only security and other refundable earned by reason of the use and occupancy of any part of the without limitation, fixed and percentage rentals from all sources the operation of the Mortgaged Property during a period, including, Gross Cash Flow. The total cash receipts derived from

described in the first sentence of Section 1.3(c).
Early Principal Retirement. The payment of principal

of all or any part of the proceeds of the loan.
Disbursement Date. The date of the first disbursement

reason of a default or acceleration.
the like, prepayment premiums, default interest or amounts due by interest payments required in respect of a loan during a period other than any interest based on income, capital appreciation or Debt Service. The regularly scheduled principal and

limited partnership.
Beneficiary. The South Michigan Associates, an Illinois

Basic Interest. The interest described in Section 1.1.

hereof.

Base Amount. Eleven Million Eight Hundred Thousand Dollars (\$11,800,000) as adjusted pursuant to Section 1.2(c)

determined pursuant to Section 2.5.
(3%) of the fair market value of the Mortgaged Property as attorneys' fees, title and survey charges) or (B) three percent of appraisal (as hereinafter defined), brokerage commissions, a casualty loss affecting the Mortgaged Property or the expiration in the event the Maturity Date occurs by reason of a Refinancing, Property as determined pursuant to Section 2.5 minus the lesser of (A) the actual, customary and reasonable costs necessarily incurred Appraised Value. The fair market value of the Mortgaged

a Loan Year.

Annual Net Cash Flow. The Net Cash Flow in respect of

1.2.

Additional Interest. The interest described in Section

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Operating Expenses. The substantiated, reasonable and customary operating expenses incurred by Mortgagor in the operation of the Mortgaged Property and actually paid, on a cash basis during a period, including without limitation, real estate taxes and assessments, insurance premiums, legal fees (but only if paid in connection with the enforcement of tenant leases), accounting expenses pertaining to the preparation of the annual financial statements required under Section 1.20 of the Mortgage, water, sewer, gas, HVAC, electricity and any other utility expenses, trash and snow removal, cleaning, window washing, and other general repair, janitorial and maintenance expenses, expenses for those supplies typically used and maintained in buildings of a nature and type similar to the Mortgaged Property, administrative expenses and management fees typically incurred in operating a building of a nature and type similar to the Mortgaged Property, advertising and promotional expenses, any expenses required by reason of any laws or statutes enacted after the date hereof, and expenses for any capital improvements reasonably necessary for the operation, maintenance and improvement of the Mortgaged Property, to the extent such expenses for such capital improvements are paid by tenants of the Mortgaged Property to reimburse Mortgagor or Beneficiary pursuant to the terms and conditions of the leases of such tenants, provided, however, the following items shall not constitute Operating Expenses: (1) any costs or expenses of performing tenant improvements; (2) any expense incurred in connection with leasing of tenant spaces, including overhead (other than advertising and promotional expenses), attorneys' fees and leasing commissions; (3) any costs or expenses pertaining to the organization of Beneficiary or Mortgagor; (4) any costs, fees or any costs, fees or expenses incurred in connection with the loan; (5) any costs, fees or expenses incurred in connection with a sale; and (6) any expenses for any capital improvements made to the Mortgaged

Net Cash Flow. The excess, if any, of gross cash flow for a period over the aggregate of debt service and operating expenses for such period.

Maturity Date. The earlier of (i) the tenth anniversary of the Disbursement Date or (ii) the occurrence after the end of the fifth loan year of a sale or refinancing.

Loan Year. The period beginning on the Disbursement Date and ending on December 31, 1989 (the "Partial Loan Year") and each subsequent twelve (12) month period (or portion thereof) thereafter until the Maturity Date; provided, however, that for purposes herein, the first loan year shall be deemed to be the loan year immediately following the Partial Loan Year.

and each subsequent three (3) month period (or portion thereof) thereafter until the Maturity Date; provided, however, that for purposes herein, the first loan quarter shall be deemed to be the loan quarter immediately following the Partial Loan quarter.

Unrestricted Transfer. Any of the transactions described in clauses (a) through (d) of Section 1.09 of the Mortgage, provided Mortgagee has requested Lender to consent thereto as required by said Section 1.09.

Appraised Value or (B) the actual total consideration. Consideration shall be deemed to be equal to the greater of (A) the otherwise unrelated to Mortgagee or Beneficiary, then the total length negotiations or (2) a sale to a party unaffiliated with or sale to a bona fide third party for fair market value after arm's reasonable judgment, determines that a sale is not either (1) a standing the above, in the event Lender, in the exercise of its respect to the remainder of the Mortgage secured premises. Notwithstanding the lien of the Mortgage secured premises and such sale shall not effect the lien of the Mortgage secured premises and for the aggregate of the awards for such partial taking and for the damage to the remainder of the Mortgage secured premises and such sale shall be taken into account with respect to such sale shall be taking of the Mortgage Property by condemnation or eminent domain when received by Mortgagee. In the event any sale is a partial connection with any such sale of the Mortgage Property, if, as and Proceeds shall include the total consideration received in limitation "installment sale" and "like-kind exchanges", Sale which is on other than a lump sum cash basis (including without (3%) of the total consideration received. With respect to a Sale attorneys' fees, title and survey charges) or (B) three percent Sale (including without limitation, brokerage commissions, and reasonable costs necessarily incurred in connection with the received, directly or indirectly, by Mortgagee upon a Sale ("total consideration" over (2) the lesser of (A) the actual, customary Sale Proceeds. The excess of (1) the total consideration

Beneficiary other than an Unrestricted Transfer. or in the beneficial interest of Mortgagee or any interest in the Mortgage Property, any part thereof or any interest therein domain, mortgage, encumbrance or other transfer or disposition of is not required pursuant to the Mortgage), taking by eminent Lender pursuant to the Mortgage or as to which Lender's approval conveyance, lease (other than customary tenant leases approved by under articles of agreement for deed), exchange, assignment, Sale. Any sale (including any installment sale or sale

1.3. Premium. The prepayment premium described in Section

Refinancing. A loan secured by a mortgage or other lien upon the Mortgage Property or beneficial interest therein.

Property to the extent such expenses are not paid by tenants of the Mortgage Property.

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(a) Additional Cash Flow Interest. Mortgagor shall pay to Lender for each Loan Year occurring during the term of the Loan, an amount equal to twenty-five percent (25%) of Annual Net Cash Flow for such Loan Year (the "Additional Cash Flow Interest"). Additional Cash Flow Interest shall be paid in quarterly installments on or before the thirtieth (30th) day following the end of each

1.2 Additional Interest. In addition to payments of Basic Interest and principal, Mortgagor hereby promises to pay to the order of Lender, as Additional Interest, the following sums upon the terms and conditions set forth below:

All payments shall be applied in the following order or priority: (i) Accrued and unpaid Additional Interest in such order as Lender may elect; (ii) any accrued and unpaid Premium; (iii) Accrued and unpaid Basic Interest; and (iv) Principal in the inverse order of maturity. Basic Interest shall be computed on the basis of a three hundred sixty (360) day year and charged for the actual number of days elapsed.

(c) On the Maturity Date, the entire outstanding principal balance of the Loan and all accrued but unpaid Basic Interest and Additional Interest thereon.

(b) On the first day of each calendar month occurring during Loan Years four through ten, an installment of principal and interest in an amount equal to Ninety-One Thousand Six Hundred Seventy Three and 24/100 Dollars (\$91,673.24); and

(a) Commencing on the first day of the first full calendar month following the Disbursement Date, and on the first day of each calendar month occurring thereafter during the first three Loan Years, an installment of interest only accrued on the principal balance outstanding from time to time in an amount equal to Eighty-Six Thousand Forty One and 67/100 Dollars (\$86,041.67) except that the first such installment shall be proportionately adjusted in the event the Loan is disbursed other than on the first day of the preceding month;

1.1 Principal and Basic Interest. Mortgagor hereby promises to pay to the order of Lender out of the Mortgaged Property and the income therefrom the principal amount of Eleven Million Eight Hundred Thousand and No/100 Dollars (\$11,800,000), together with interest thereon at a rate per annum equal to eight and three-quarters percent (8.75%) (such interest is hereinafter referred to as "Basic Interest") in the following manner:

PAYMENT TERMS

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(c) Additional Interest Following Early Principal Retirement. In the event of an Early Principal Retirement, Mortgagor shall pay to Lender all Basic Interest and all Additional Cash Flow Interest accrued through the date of such Early Principal Retirement and Additional Appreciation Interest with respect to any Sale or

(b) Additional Appreciation Interest. Mortgagor shall pay to Lender on the Maturity Date, in addition to the outstanding principal amount hereof and all accrued and unpaid Basic Interest and Additional Cash Flow Interest, additional interest equal to twenty-five percent (25%) of the excess of (i) either Sale Proceeds (in the event the Maturity Date occurs by reason of a Sale) or Appraised Value (in the event the Maturity Date occurs by reason of a Refinancing, a casualty loss affecting the Mortgaged Property or the expiration of time) over (ii) the Base Amount.

Loan Quarter in an amount equal to twenty-five percent (25%) of the Net Cash Flow for such Loan Quarter as set forth in the Quarterly Statement (as defined in the Mortgage) for such Loan Quarter. Pursuant to the procedure set forth below, such quarterly installments of Additional Cash Flow Interest shall be reconciled at the end of each Loan Year with the amount of actual Additional Cash Flow Interest due and payable. In the event the Annual Statement (as defined in the Mortgage) with respect to any Loan Year or any subsequent audit thereof by Lender indicates that the actual Additional Cash Flow Interest during any Loan Year exceeds the aggregate of the quarterly installments actually paid by Mortgagor during such Loan Year, Mortgagor shall, within thirty (30) days after the date of receipt of such Annual Statement or audit but in no event later than one hundred and twenty (120) days after each Loan Year, pay to Lender an amount equal to such excess. In the event any such Annual Statement or audit indicates that the quarterly installments of Additional Cash Flow Interest actually paid by Mortgagor during such Loan Year exceeds the Additional Cash Flow Interest owed for such Loan Year, Lender shall credit said excess to the next installments of Additional Interest due pursuant to this Note until such excess has been exhausted. Lender shall have the right to examine from time to time the books and records of Beneficiary for the purpose of verifying the amounts of Net Cash Flow reported by Beneficiary in any Quarterly or Annual Statement. All expense of such examinations shall be borne by Lender unless such examination shall disclose the underreporting of Annual Net Cash Flow with respect to any Loan Year equal to five percent (5%) or more, in which case all expenses of any such examination shall be borne by Beneficiary.

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(a) Mortgagor may prepay the Loan, in whole but not in part, at any time after expiration of the fifth Loan Year, provided that Mortgagor shall have given thirty (30) days prior written notice to Lender and Mortgagor shall have paid to Lender, at Basic Interest and all additional cash flow interest accrued through the date of such prepayment, all Additional Appreciation interest due in connection with such prepayment and a premium (the "premium") which shall be equal to the product of the Applicable Percentage (as hereinafter defined) times the amount of such prepayment. The "Applicable Percentage" shall mean five percent (5%) if such prepayment is made during the sixth Loan Year, four percent (4%) if such prepayment is made during the seventh Loan Year, three percent (3%) if such prepayment is made during the eighth Loan Year, two percent (2%) if such prepayment is made during the ninth Loan Year, and one percent (1%) if such payment is made during the tenth Loan Year (except no premium shall be due in the event such payment is made during the sixty (60) day period immediately preceding the expiration of the tenth Loan Year). The premium represents a bargained-for consideration for the privilege of prepayment of the Loan following

1.3 **Prepayment.** Mortgagor shall not be entitled to prepay the Loan in whole or in part except as follows:

Retirement).
 Interest due in connection with such Early Principal Sales Proceeds used to calculate Additional Appreciation date, the Base Amount shall equal the Appraised Value or Additional Appreciation Interest due at such earlier for purposes of calculating the payment or payments of Maturity Date or the date Lender or its nominee acquires fee simple title to the Mortgaged Property (except that Additional Appreciation Interest at the earlier of the Maturity Date or the date Lender or its nominee acquires fee simple title to the Mortgaged Property and (B) Additional Cash Flow Interest until the earlier of the with such Early Principal Retirement, the following: (A) of Additional Appreciation Interest due in connection shall have occurred, Mortgagor shall pay, and remain obligated to pay, to Lender, in addition to the payment shall have been paid to Lender or that a foreclosure sale Notwithstanding that all principal and Basic Interest of the excess of (i) Sales Proceeds or Appraised Value whichever is applicable over (ii) the Base Amount. make an Acceleration Election, such Additional Appreciation Interest being equal to twenty-five percent (25%) of Default by reason of which Lender may have elected to sale or a sale or Refinancing which constitutes the Event occurs simultaneously therewith, including a foreclosure Refinancing which has theretofore occurred or which

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(f) There shall be determined, as of the seventh business day preceding the date of such Early Principal Retirement, the amount, if any, by which the Basic Interest rate (expressed as a

calculated as follows:
the entire unpaid principal amount plus an amount hereof (the "Base Premium") or (y) one percent (1%) of percent (10%) of the entire unpaid principal amount the Premium shall be equal to the greater of (x) ten (d) In the event of an Early Principal Retirement,

(a) .
prepay the loan other than as provided in Section 1.3(a). shall not be construed as granting any privilege to liquidated damages, but the provision for such Premium scheduled maturity of the loan and does not represent consideration for such payment prior to the originally upon an Early Principal Retirement is a bargained-for tion with any such tender. The imposition of a Premium after provided in Section 1.3(d) shall be due in connec- anyone on its behalf, a Premium (calculated as herein- edness evidenced hereby is made by Mortgage, or by payment of the amount necessary to satisfy the indebted- Loan Year by reason of an event of Default, a tender of following the acceleration of the Maturity Date hereof to a date which is prior to the expiration of the fifth- tion upon property or other security for the loan or otherwise. Without limitation of the foregoing, it, made as a result of the exercise of the right of redemp- tion, as a result of a foreclosure sale or other realiza- made following an acceleration of the Maturity Date by Retirement, including without limitation any payment expiration of the fifth Loan Year ("Early Principal scheduled principal amortization, made prior to the with any payment of principal, other than regularly in Section 1.3(d) shall be due and payable in connection (c) A Premium (calculated as hereinafter provided

paid in full.
be paid in full when due until this Note shall have been such scheduled required monthly installment payment shall payments provided for in this Note, and each and every defer or reduce the scheduled monthly installment provided in the Mortgage or otherwise shall operate to tion to accept the same) or as a result of a casualty as by Lender as a matter of grace (Lender having no obliga- (b) No partial prepayment made hereon and accepted

at the time of such prepayment.
In addition to any Additional Interest which shall be due representing liquidated damages. The Premium shall be due ing the expiration of the fifth Loan Year and does not

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1.4 Place and Manner of Payment. The payment of all amounts due under this Note and under the Mortgage shall be made in "Federal Funds" or other immediately available funds and shall

(e) Notwithstanding anything above to the contrary, no Premium shall be due upon the application to the principal amount of the Loan of insurance proceeds or eminent domain awards.

If the Current Yield exceeds the Basic Interest rate, then the Premium shall be the Base Premium. Notwithstanding the foregoing, the Base Premium shall be the minimum Premium due upon an Early Principal Retirement and Mortgage shall not be entitled to any reduction in the Base Premium or any other amount due under this Note or the other Loan Instruments in the event that the Current Yield is more than the rate of interest charge-able hereunder. For the purpose of calculating this Premium, any portion of a calendar month shall be deemed to constitute one full month.

(iv) The quotient calculated pursuant to clause (iii) above shall be multiplied by the number of months from the date of such Early Principal Retirement to and including the tenth anniversary of the Disbursement Date.

(iii) The product calculated pursuant to clause (ii) above shall be divided by twelve (12);

(ii) The difference calculated pursuant to clause (i) above shall be multiplied by the outstanding principal balance hereof as of the date of such Early Principal Retirement;

(i) The annual yield (expressed as a decimal) for the issue of general issue United States Government Treasury bills, bonds or notes which matures nearest the Maturity Date, as reported by the Wall Street Journal having reference to the Treasury Issue Quotations as they appear therein, or if the Wall Street Journal is no longer published or no longer publishes annual yields for United States Government Treasury bills, bonds or notes, some other daily financial or governmental publication of national circulation determined by lender, in its sole discretion, such annual yield being hereinafter referred to as the "Current Yield" (provided, if more than one issue of such bills, bonds or notes matures nearest the tenth anniversary of the Disbursement Date, the average of the yields for such issues shall be used in making the foregoing calculations);

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2.2 Waivers. Mortgagor and any other parties hereafter liable for the debt (including, without restricting the foregoing, any endorsers, sureties and guarantors) represented by this Note, hereby (a) waive presentation for payment, notice of dishonor, protest and notice of protest, and (b) agree that the time of payment of that debt or any part thereof may be extended from time to time without modifying or releasing the lien of the Loan

2.1 Acceleration. If any payment due under this Note is not made within ten (10) calendar days following the due date thereof, if an event of default shall occur under and as defined in any of the Loan Instruments, or if the right to foreclose the Mortgage shall accrue to the holder thereof, whether or not foreclosure proceedings have been commenced, then, at the election ("Acceleration Election") of the holder of this Note and without notice, the unpaid principal sum, together with accrued Basic Interest thereon, shall at once become due and payable and shall bear interest, in lieu of Basic Interest but in addition to Additional Interest, from the date of such acceleration until the principal is paid in full at an annual interest rate (the "Default Rate") equal to twelve and three quarters percent (12-3/4%).

ADDITIONAL COVENANTS

II

1.5 Late Payment Fee. In the event any payment due hereunder or any payment or deposit due under the Mortgage is not made within ten (10) calendar days after the due date thereof, Lender in order to defer Lender's administrative costs, may, at its option and in addition to any other remedy available to Lender, impose a late payment fee equal to four percent (4%) of the amount of such delinquent payment or deposit, which fee Mortgagor covenants to pay upon demand. Any payment or deposit received by Lender may, at the option of Lender, be applied first to any outstanding late payment fee and then as otherwise provided in this Note or in any of the Loan Instruments. In addition, any payment due hereunder, including any payment of Additional Interest, which is not paid within ten (10) days of the due date thereof shall bear interest until paid at the Default Rate whether or not an acceleration has occurred.

be deemed received only when actually received by Lender in Chicago, Illinois. Payments received after 1:00 p.m. in said location shall be deemed received on the next day Lender is open for business. At Lender's option, Lender may accept payments by check or in form other than immediately available funds, but such payments shall be accepted subject to collection and, at Lender's option, shall be deemed received only when collected. Acceptance by Lender of payments in other than immediately available funds shall not constitute a waiver by Lender of its rights to insist that any subsequent payment be made in immediately available funds.

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2.5 Appraisal Upon Maturity, Prepayment or Default. Upon Mortgagor's written notice to Lender that Mortgagor proposed to consummate a transaction (the "Proposed Transaction") which requires Appraised Value to be determined, the fair market value of the Mortgaged Property shall be mutually determined by Lender and Mortgagor; except that if the same cannot be mutually agreed upon by Lender and Mortgagor for any reason whatsoever within fourteen (14) days after such notice is received by Lender, then either Lender and Mortgagor may serve a written notice ("Appraisal Notice") on the other stating that an appraisal procedure pursuant to this Section 2.5 will be conducted. Within fourteen (14) days after the Appraisal Notice is delivered by one party to the other

2.4 Letter of Credit. As additional security for the payment of this Note, Mortgagor shall deposit with Lender on the Disbursement Date, an unconditional and irrevocable Letter of Credit in the face amount of Three Hundred Twenty-Five Thousand and No/100 Dollars (\$325,000.00) (the "Letter of Credit") issued by a bank or other financial institution acceptable to Lender and in form and substance in all respects satisfactory to Lender, expiring no earlier than fifteen months after the Disbursement Date (the "Expiration Date") and entitling Lender to draw upon said Letter of Credit and apply the proceeds thereof (as directed by Mortgagor pursuant to the Draw Notice (as hereinafter defined) or, in the event Mortgagor has failed to so direct Lender, as provided in this Section 2.4) upon presentation of a certificate executed by Lender stating that either (i) an Event of Default has occurred under any of the Loan Instruments or (ii) Lender has been directed by Mortgagor pursuant to the Draw Notice (as hereinafter defined) to draw upon the Letter of Credit. Lender shall return the Letter of Credit to Mortgagor within five (5) business days following the expiration date. For purposes herein, the term "Draw Notice" shall mean the written notice given to Lender by Mortgagor prior to the expiration of the ten (10) calendar day cure period granted pursuant to Section 2.1 herein, directing Lender to draw upon the Letter of Credit and stating the amount of such draw and the manner in which the proceeds thereof are to be applied.

2.3 Collection. In the event of a default in the payment of any amount due hereunder, the holder hereof may exercise any remedy or remedies, in any combination whatsoever, available by operation of law or under any instrument given as security for this Note and such holder shall be entitled to collect its reasonable costs of collection, including attorneys' fees, which shall be additional indebtedness hereunder. For purposes of the preceding sentence, Lender attorneys' fees shall be deemed to include compensation and overhead expenses attributable to counsel in the employment of Lender or the Commonwealth of Pennsylvania in addition to the fees of any other attorneys retained by Lender.

Instruments or the liability of Mortgagor or any such other parties, the right of recourse against any such parties being hereby reserved by the holder hereof.

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party, Mortgagor shall nominate and appoint one appraiser and Lender shall nominate and appoint one appraiser within said fourteen (14) day period, the appraiser appointed by the other party shall determine the Appraised Value. If two appraisers are so appointed, the two appraisers will make their respective determinations of the fair market value of the Mortgaged Property (without reduction for any amounts due under the Loan Instruments) in writing and will give notice to Mortgagor and Lender of their respective independent conclusions within ten (10) days after their appointments. If the lower of the two fair market values thus determined by the two appraisers is not less than ninety-five percent (95%) of the higher appraisers is not less than ninety-five percent (95%) of the two appraisers, then the average of the two fair market values so determined will be binding upon Mortgagor and Lender. If the lower of the two fair market values thus determined by the two appraisers is less than ninety-five percent (95%) of the other fair market value thus determined, the two appraisers will, no later than ten (10) days after both of such appraisers have made their respective determinations, appoint in writing a third appraiser and give written notice of such appointment to Mortgagor and Lender. In the event that the two appraisers fail to appoint or agree upon a third appraiser within such ten (10)-day period, a third appraiser will be selected by Mortgagor and Lender within a further period of ten (10) days. If a third appraiser is not appointed or agreed upon within the time herein provided, then either Mortgagor or Lender may apply to any state or federal court of competent jurisdiction for the appointment of an appraiser. In the event such state or federal court refuses or otherwise fails to appoint a third appraiser, Lender shall appoint such third appraiser and shall give written notice to Mortgagor of such appointment. The third appraiser will determine within ten (10) days after appointment which of the two determinations is closest to the fair market value of the Mortgaged Property (without reduction for any amounts due under the Loan Instruments) and the determination selected by the third appraiser will be binding upon Mortgagor and Lender. In the event an Appraisal under this Section 2.5 is required to allow Lender to pursue its remedies after an event of default or in the event the Proposed Transaction is not consummated, Mortgagor will pay the fees and expenses of all appraisers whether appointed by Lender or Mortgagor or mutually agreed upon, as well as all other costs incurred in connection with the Appraisal (the "cost of Appraisal"). In the event an Appraisal under this Section 2.5 is required in connection with a Sale, the cost of Appraisal will be a cost of such Sale. If an Appraisal under this Section 2.5 is required in the event the Maturity Date occurs by reason of a Refinancing or a casualty loss affecting the Mortgaged Property or the expiration of time, the cost of Appraisal will be the actual customary and reasonable costs necessarily incurred in connection therewith. In the event that any appointed appraiser dies or becomes unwilling or unable to act, such appraiser's successor will be appointed in the same manner as provided herein for the appointment of such appraiser. Any appraiser appointed

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hereunder shall be a member in good standing of the American Institute of Real Estate Appraisers, having not less than five years experience in appraising commercial real estate property in Chicago, Illinois, and may not be an employee, former employee or otherwise presently or formerly affiliated with Mortgageor or Lender.

2.6 governing law and sovereign immunity of Lender. This Note is executed and delivered in Chicago, Illinois and shall be governed by and construed in accordance with the law of the State of Illinois. Lender hereby reserves all immunities, defenses, rights or actions arising out of its status as a sovereign state or from the Eleventh Amendment to the United States constitution. No waiver of any such immunities, defenses, rights or actions is to be implied by any provision hereof. Mortgageor hereby consents to the jurisdiction of any of the courts of the Commonwealth of Pennsylvania and of any federal courts located therein and agrees that Lender may bring suit against Mortgageor in any of such courts. Mortgageor also hereby waives the right to bring any counterclaims against Lender (but specifically reserves the right to bring any defenses and affirmative defenses against Lender) in any suit or action in any court of law or equity in which Lender and Mortgageor are adverse parties.

2.7 Severability. If any term, restriction or covenant of this instrument is deemed illegal or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstance is deemed illegal, the application of such term, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

2.8 Notices. All notices, requests, reports, demands or other instruments required or contemplated to be given or furnished under this Note to Mortgageor or Lender shall be directed to Mortgageor or Lender as the case may be at the following addresses:

If to Lender:

Commonwealth of Pennsylvania State
Employees' Retirement System
c/o Latimer & Buck Financial
Services, Inc.
121 South Broad Street
Philadelphia, Pennsylvania 19107
Attention: Mr. Douglas Callantine,
Senior Vice President

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2.9 Business Loan. Mortgagor represents that the proceeds of the indebtedness evidenced by this Note will be used to further the business purposes and business objectives of Mortgagor in connection with a parcel of real estate owned and

partly in compliance with the foregoing provisions. delivered by furnishing written notice of such change to the other which any such notice, report, demand or other instrument is to be date of actual delivery. Either party may change the address to like service), in which case they shall be deemed delivered on the postage prepaid, or (iii) sent by air courier (Federal Express or delivered three (3) business days after deposit in the U.S. mail, return receipt requested, in which case they shall be deemed the date of delivery to said offices, (ii) sent by certified mail, set forth above, in which case they shall be deemed delivered on Notices shall be either: (i) personally delivered to the offices

Attention: Ms. Merle Weitebaum Cowin
Chicago, Illinois 60601
Suite 2700
180 North LaSalle Street
Greenberger, Krauss & Jacobs

with a copy to:

Attention: Tom Horwitz
Chicago, Illinois 60610
814 North Franklin Street
Horwitz Mathews, Inc.

with a copy to:

Attention: Land Trust Department
Chicago, Illinois 60690
33 North LaSalle Street
No. 59311
Company of Chicago, T/U/T
American National Bank and Trust

If to Mortgagor:

Attention: Mr. Stephen B. Bell
Chicago, Illinois 60603
Suite 3900
55 East Monroe Street
Rosenbloom & Moritz, Ltd.
Goldberg, Kohn, Bell, Black,

with a copy to:

Attention: Mr. Michael S. Goldman
Chicago, Illinois 60602
54th Floor
Three First National Plaza
Julian, Toff & Downey, Inc.

with a copy to:

Attention: Mr. Cornelius Daly
Harrisburg, Pennsylvania 17102
Boas School Building
909 Green Street
Deputy Chief Counsel-SERS

with a copy to:

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Its
By _____

ATTEST:
AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not in its individual capacity, but as Trustee under Trust Agreement dated November 30, 1983 and known as Trust No. 59311

2.11 Exemptory clause. American National Bank and Trust Company of Chicago is a party to this instrument, not in its individual capacity but as trustee under a Trust Agreement dated November 30, 1983 and known as Trust No. 59311. Insofar as the liability of Mortgagor is concerned, this instrument is enforceable only against, and any claims hereon are payable only out of, any trust property which may be held thereunder and any rents and proceeds therefrom, but this clause shall not affect Lender's remedies under any of the other loan instruments. Any and all liability of American National Bank and Trust Company of Chicago in its individual capacity is hereby expressly waived by Lender and its successors and assigns.

2.10 Debtor-Creditor Relationship. Mortgagor and Lender hereby agree that the relationship created under this Note is intended to be solely that of debtor and creditor. No part of this Note shall be construed as creating at any time, a partnership, joint venture or any other equity interest in the Mortgaged Property for Lender. Furthermore, Lender and Mortgagor agree that they are not, by execution and delivery of this Note and the other loan instruments, creating or intending to create a partnership, joint venture or such other equity interest. Each party hereto covenants that it shall not assert to any third party or in any administrative or judicial proceeding that (i) the relationship between Lender and Mortgagor is that of a partnership rather than lender-borrower, or (ii) the loan instruments are not in all respects enforceable in accordance with their terms. Moreover, the parties agree that, even if this Note and the loan instruments were treated as creating a partnership with respect to other parties or for some purposes between Lender and Mortgagor, it is their intention that this Note and the other loan instruments be construed in accordance with their terms, including their economic terms, with respect to the parties hereto or for all other purposes.

operated by it in Chicago, Illinois. Mortgagor further represents that the loan evidenced by this Note and secured by the Mortgage is a business purpose loan as the same is defined in Chapter 17, Section 6404(1)(c), Illinois Revised Statutes, and that this loan is a business loan as in such case made and provided.

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P.I.N. NUMBER: 17-15-103-007 VOL. 510

STREET ADDRESS: 116 SOUTH MICHIGAN AVENUE CHICAGO, ILLINOIS

THE NORTH 1/2 OF LOT 5 IN BLOCK 4 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO IN SECTION 15, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

The Land

EXHIBIT B

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2574.001

NAN2-026 121489sa #1 0 9 8 8

(d) Polished stone face attached to east side of building situated on the land encroaches over

(c) Cornice at second floor at north east corner of building situated on the land encroaches over the east line of the land onto the premises ease and adjoining, 0.96 feet.

(b) Cornice at roof of building situated on the land encroaches over the north line of the land onto the premises north and adjoining, 1.34 feet.

(a) North fact of brick at roof of building situated on the land encroaches over the north line of the land onto the premises north and adjoining, 0.16 feet.

7. Encroachments to wit:

6. Unrecorded easement in favor of Western Union Telegraph Company for a cable easement over the land;

5. Unrecorded easement in favor of People Gas Light and Coke Company for a service pipe within the property lines of the land;

4. Basement grant recorded June 13, 1972 as Document 21937644 by The Church Federation of Greater Chicago, a not for profit corporation, to The People Gas Light and Coke Company, a corporation of Illinois, its successors and assigns, to construct, reconstruct, renew, replace, operate, maintain, inspect, alter, repair and remove a gas main or pipes and such drips, valves, fittings, meters and other equipment as may be necessary or convenient for such operations over, through, under, along and across the west 8 feet 9 1/2 inches of the land;

3. Party wall rights and easements as contained in document recorded as number 3942342;

2. Party wall rights and easements as contained in document recorded as number 876975;

1. General real estate taxes for the year 1989 and subsequent years;

Permitted Encumbrances

Exhibit C

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- (e) Cornice at second floor at south east corner of building situated on the land encroaches over the east line of the land onto the premises, east and adjoining, 0.90 feet.
- (f) Cornice at roof of building situated on the land encroaches over the south line of the land onto the premises south and adjoining, 1.67 feet.
- (g) South east corner of granite base of building situated on the land encroaches over south line of the land onto the premises south and adjoining, 0.13 feet.
- (h) South east corner of terra cotta above the granite base at the south east corner of the building situated on the land encroaches over the south line of the land onto the premises south and adjoining, 0.13 feet.
- (i) Cornice at roof of building situated on the premises south and adjoining the land, 1.92 feet. encroaches over and upon the land, 1.92 feet.
- (j) North face of brick at south west corner of roof of the building situated on the premises south and adjoining the land encroaches over and upon the land 0.30 feet.
- 8. Lease dated October 30, 1987 between 116 South Michigan Associates, as beneficiary of American National Bank and Trust Company of Chicago, as Trustee under Trust No. 59311 ("116 Associates"), as Lessor and Medical Careers Institute, Inc., as Lessee;
- 9. Lease dated October 21, 1988 between 116 Associates, as Lessor and Design By Objectives, as Lessee;
- 10. Lease dated May 11, 1989 between 116 Associates, as Lessor and Second Harvest, as Lessee;
- 11. Lease dated November 9, 1988 between 116 Associates, as Lessor and R.M.R. & Associates, as Lessee;
- 12. Lease dated January 14, 1987 between 116 Associates, as Lessor and Salk, Ward & Salk, Inc., as Lessee;

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13. Lease dated July 22, 1986 between 116 Associates, as Lessor and McKinney, Inc. as Lessee;
14. Lease dated March 7, 1984 between 116 Associates, as Lessor and Chicago Council on Foreign Relations, as Lessee;
15. Lease dated September 16, 1985 between 116 Associates, as Lessor and Hill Taylor & Company, as Lessee;
16. Lease dated September 23, 1985 between 116 Associates, as Lessor and Chicago United, Inc., as Lessee;
17. Lease dated July 3, 1986 between 116 Associates, as Lessor and Plotkin & Jacobs, Ltd., as Lessee;
18. Lease dated December 9, 1986 between 116 Associates, as Lessor and Source, Inc., as Lessee;
19. Lease dated July 22, 1987 between 116 Associates, as Lessor and Martin Cohn & Associates, Inc., as Lessee;
20. Lease dated April 25, 1986 between 116 Associates, as Lessor and Mama Mia Pasta Franchise Corp., as Lessee;
21. Lease dated November 14, 1986 between 116 Associates, as Lessor and Martin Cohn & Associates, as Lessee;
22. Lease dated October 4, 1985 between 116 Associates, as Lessor and Mama Mia Pasta Michigan Avenue Partnership, as Lessee.

Property of Cook County Clerk's Office